

Budget Choices

Pre-Budget Submission, Budget 2024

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With persistent inflation and rising poverty combined with a growing economy and large windfall corporate tax revenue, *Social Justice Ireland* proposes that Budget 2024 be split in two to ensure transparency and accountability. It also proposes that Budget 2024 be guided by one core principle i.e. that the measures adopted prioritise the protection of the most vulnerable groups in Irish society.

A close analysis of the current situation shows that some people are doing exceptionally well while others struggle from day to day to provide the essentials to live life with dignity. Decisions taken by Government in the Budget for 2023 (announced September 2022) worsened this situation as the rich/poor gap widened by €199 and the increase in core social welfare rates left Ireland's poorest worse off in 2023 compared to their situation in 2022. It is essential that this approach not be repeated by Government in Budget 2024.

Most Expensive Country in EU

Eurostat's annual price survey, published in June 2023, shows Ireland is the most expensive country in the EU with prices 46 per cent above the EU average. In 2015, the same agency showed Ireland's prices were 28 per cent above the EU average. This number has been growing every year since. What's important to note here is that these Scandinavian prices are not matched by Scandinavian salary levels.

Poverty Continues to Rise

The latest poverty figures in Ireland show more than 671,000 people are still living in poverty, of which 188,602 are children. 143,633 older people are living in poverty, an increase of over 55,000 since 2021. 133,565 people living in poverty are in employment, the working poor. These are

the people worst hit by Ireland's rising costs and inflation, yet they were the ones left behind in Budget 2023.

To ensure there is no repeat of this disgraceful outcome, core social welfare rates must increase by €25 in Budget 2024, and Government must commit to benchmarking social welfare rates to average weekly earnings if it is to have any impact on reducing poverty and meeting its own targets. If the increase is less, then Ireland's most vulnerable people will again fall further behind and be even poorer in 2024 than they have been in 2023.

Infrastructure and Services Inadequate

Ireland's infrastructure and social services have been inadequate in areas such as housing, public transport and healthcare for years.

We need far greater investment in social infrastructure and readiness for digitalisation. We must invest in sufficient services and infrastructure to provide for demographic change. It is imperative that Budget 2024 address these problems but do so in a fiscally responsible and socially fair manner.

Windfall Tax Revenue

As a country we face some significant challenges, but we are also in the unprecedented position where we are in receipt of windfall gains from corporate tax revenue. With careful management, prioritising the long-term interests of Irish society, and strategic investment in one-off infrastructure projects, Government, through a social dialogue process could use this revenue as the foundation of a new social contract which would commit the state and social partners to improving economic management with a view to enhancing the standard of living, quality of life and wellbeing of all the republic's residents.

Social Justice Ireland
1-3 Burton Hall Road
Sandyford
Dublin 18
D18 A094

ISSN: 1649-4954

Phone: 01 290 3597
www.socialjustice.ie

Budgetary Stance and Proposals

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Splitting the Budget in Two

To achieve these desirable outcomes, *Social Justice Ireland* is proposing that Budget 2024 be split in two as follows:

- Once-off windfall tax gains should be invested only in one off and infrastructure projects, and accounted for separately.
- The normal budget should be presented using the regular budget process. This would mean that Government could then ensure that regular Budget expenditure is funded through recurring revenue and there would be no sudden surprises of discovering a huge shortfall in revenue when the windfall taxes no longer flow.
- These two parts of the Budget can then be brought together to provide the overall Budget picture.
- This would ensure full transparency of the budgetary process as well as guaranteeing there will be no surprises following a downturn in the years ahead.

Proposed Stance

As well as splitting the Budget in two, Budget 2024 should also outline a clear plan for the management of the anticipated windfall revenues in the context of the long-term interests of Irish society.

A New Social Contract

Proceeding as we have done in recent years will not address the challenges Ireland faces, challenges that existed before the arrival of COVID-19 or the surge in the cost of living. A new Social Contract is needed. This new Social Contract should be focused on building a sustainable and resilient economy that delivers for everyone. To achieve this outcome, a new Social Contract should have five core goals: to deliver a vibrant economy, decent services and infrastructure, just taxation, good governance and sustainability.

Crucially, however, these five outcomes must be addressed simultaneously. It is not sufficient to prioritise economic development with the argument that this will produce the resources to achieve the other four outcomes.

Budget 2024 needs to have this new Social Contract at its core. All five Pillars of Social Dialogue (employers, trade unions, farmers, community/voluntary and environmental) should be involved in its development and implementation.

Nothing less will do if we are to succeed in effectively addressing the third major economic upheaval of the twenty first century.

Packages Proposed for Budget 2024

In the following pages *Social Justice Ireland* sets out a series of proposals (and costings) to address all the issues identified here. A summary of all the proposals is set out on page 18. Proposals for the reform of taxation are also set out. These are the choices we believe Government should make in Budget 2024.

Major Packages Proposed include:

Housing: €170.3m net package including an increase in stamp duty for transfers of property exceeding €1m, an end to the Help

There must be no repetition of the outcomes of the last Budget which saw the rich/poor gap widen and left Ireland's most vulnerable people worse off in 2023 than they had been in 2022.

to Buy Scheme and investment in homelessness prevention.

A further €1.4bn to be invested from the windfall surplus for the construction of social housing. (p. 8)

Just Transition: €339.6m net package including investment in renewable energy, biodiversity, Just Transition and the Circular Economy, an aviation tax on commercial flights, and investment in climate research.

A further €1bn to be invested in off-shore wind infrastructure. (p. 14)

Healthcare, carers and disability: €942.3m investment prioritising social and community care, disability, and mental health.

A further €600m for Sláintecare infrastructure. (p. 11)

Children and Families: €1,147.7m investment in an increase to Child Benefit, early childhood care and education, and child protection. (p. 12)

Rural, Regional and Community Development: €667.9m investment prioritising the regional development and transition, rural transport, integration, and community schemes. (p. 10)

Education: €402.4m investment in areas such as reducing class sizes, adult literacy, DEIS, skills development, community education, digital education and higher education. (p. 12)

Pensions and Older People: €1,143.7m prioritising a universal pension, investment in social care and Home Care Packages and increased funding for nursing homes. (p. 13)

Overseas Development and World Hunger: An investment package of €1bn to move towards the UN target of 0.7 per cent of national income, properly resource our Climate Finance obligations, and make provision for the Loss and Damage Fund.

An additional €1bn to tackle World Hunger, both funded from the windfall surplus. (p. 16)

Taxation Reform (p. 5-6):

- Minimum Effective Rate of Corporation Tax - €1bn
- Increases to capital taxes - €176m
- Introducing a Financial Transactions Tax—€350m

Overall impact of Social Justice Ireland proposals

Following our own proposal to split the Budget in two and account for both parts separately, the following are the totals for our proposals, calculated using the Government's most recent statements on its fiscal space and related issues:

One-off expenditure used for one-off measures:	€5,000.0m
Tax Increases:	€4,910.2m
Net Impact of 'Normal' Budget initiatives:	€ 416.3m

Fiscal Stance



Uncertainty once again dominates Ireland's social and economic outlook and frames the context for Budget 2024. The Budget must respond to the ongoing cost of living challenges, particularly for lower income households, but also recognise uncertainties associated with taxation revenues and which combined make the fiscal context for Budget 2024 particularly challenging.

First, the geopolitical instability triggered by Russia's invasion of Ukraine continues to unfold and is likely to have further effects on living costs and living standards across 2024. Again, the scale of these effects are unknown. However, evidence continues to highlight that it is lower income households that are most exposed to these effects, household that have the least capacity to absorb these higher day-to-day living costs. Like Budget 2021 and 2022 (Covid-context) and Budget 2023 (cost-of-living crisis context), Budget 2024 will have to include a provision for possible additional public expenditure in the months ahead so that there is an available and credible fiscal response available to Government should further supports be required.

Second, the Budget arises in the context of large windfall corporation tax revenues flowing to the exchequer from a very small number of multi-national companies. Budget 2023 commenced referring to these revenues as 'excess corporate taxation' reflecting an overdue recognition by Government that these revenues are both unexpected and unsustainable. They reflect windfall gains to the state triggered by the OECD BEPS reforms of international corporate taxation and a slow but overdue realignment of corporate profits with corporate activities. In the medium-term these revenues will shift from Ireland to other states where the activity and profits arise; irrespective of the accountancy techniques that currently move them around and to lower corporate tax jurisdictions like Ireland.

The latest Fiscal Assessment Report from the Irish Fiscal Advisory Council (IFAC, June 2023) estimates windfall receipts of €13.1 billion in 2024; that is revenue over and above the normal taxation that would arise from corporate activities. IFAC also expect these windfall gains to remain roughly unchanged between now and 2026 (averaging €13.3 billion per annum); with some decreases following in subsequent years. Consequently, the challenge of strategically managing these windfall tax receipts is one that is relevant for Budget 2024 and a number of future Budgets. Budget 2024 needs to articulate a clear strategy for the management of these funds framed in the context of the long-term interests of Irish society.

Social Justice Ireland's proposed stance

Social Justice Ireland believes that Budget 2024 should be guided by one core principle, that the measures adopted prioritise the protection of the most vulnerable groups in our society.

This focus should also be articulated as the basis of the approach Government will take during 2024 if it becomes necessary to use additional resources, beyond those directly announced as Budget measures, to respond to the implications of the coast-of-living uncertainties outlined earlier. A commitment to targeted

The Budget should be split in two parts, with once-off windfall gains accounted for separately.

The Budget should outline a clear plan for the management of these windfall revenues in the context of the long-term interests of Irish society.

measures, and not populist universal transfers, is important and best reflects the objective of protecting those most in need.

As a means of managing the uncertainties associated with corporate taxation revenues, *Social Justice Ireland* proposes that Budget 2024 should be split in two parts. Once-off windfall tax gains should be invested only in one off infrastructure projects and accounted for separately. Separately, the normal budget should be presented using the regular budget process.

This would mean that Government could then ensure that regular Budget expenditure is funded through recurring revenue and there would be no sudden surprises associated with decreases in revenue when the windfall taxes no longer flow. These two parts of the Budget can then be brought together to provide the overall Budget picture.

Taking this approach is not only fiscally prudent, but it would also ensure full transparency of the budgetary process and allow Government the opportunity to outline a clear plan for the management of these windfall revenues in the context of the long-term interests of Irish society.

Reflecting this approach, *Social Justice Ireland* proposes that:

- Budget 2024 makes a series of one-off investments in our social infrastructure funded from one-off windfall corporate taxation revenues; and
- Budget 2024 adopts recurring taxation and expenditure measures which prioritise the protection of the most vulnerable groups in our society and further protect them, if needed, from ongoing aspects of the cost-of-living crisis.

Social Justice Ireland believes that Budget 2024 should be guided by one core principle, that the measures adopted prioritise the protection of the most vulnerable groups in our society.

The Unfair Legacy of Budget 2023 Measures

Since February 2022, Government have announced a series of taxation, welfare and electricity credit measures intended to assist all households with cost of living pressures. Using the *Social Justice Ireland* Income Distribution model, on this page we bring together the impact of all these changes, from February 2022 to those announced in February 2023 (including additional welfare payments scheduled up to July 2023). These capture: the household energy credits and lump sum increases in fuel allowances announced between February and April 2022 (**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 2022 (**Budget 2023 for 2022**); the welfare, taxation and energy credit measures announced in Budget 2023 for implementation in 2023 (**Budget 2023 for 2023**); and the lump-sum welfare payments and one-off increases in the Back to School Clothing and Footwear allowance announced in **February 2023**, with payments running to July 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 PAYE earners on incomes ranging from €30,000 to €200,000. We present the results of this analysis in Table 4.1.

Overall, the weekly impact on the households examined is large, ranging from €67.85 to €35.29 a week for welfare dependent households and from €47.18 to €16.12 a week for households with jobs. Within welfare dependent households the largest assistance has been received by those with children. Among working households tax changes have favoured those with income subject to the higher income tax rate.

However, there is a marked difference in the way that the cost of living measures have been delivered to households. They have included **temporary measures**, such as electricity credits and one-off additional welfare and fuel allowance payments, alongside **permanent measures** announced as part of Budget 2023 such as changes to the value of core welfare payments and changes to tax credits and bands.

To illustrate this, among single people in 2023, Budget 2023's **permanent changes** to taxes and welfare delivered 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 delivered 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.

Overall, Budget 2023's legacy was to widen further the gap between the better off and those on the lowest welfare and work incomes. Given the challenges that so many households face in making ends meet, particularly those on the lowest incomes, much of this assistance was welcome and badly needed. Yet, in the absence of measures in Budget 2024 targeted at low income households, the legacy of recent cost of living measures will be to widen further the gap between the better off and those on the lowest welfare and work incomes. Budget 2024 needs to address this unwelcome distributive outcome and prioritise those on the lowest incomes in our society.

Table 4.1: Combined Weekly Impact of Cost of Living Measures plus Tax & Benefit Changes, Feb 2022-July 2023 (€ per week)

	2022 pre-Budget 2023 measures	Budget 2023 measures for 2022	Budget 2023 measures for 2023	February 2023 measures	Total
Welfare Dependent Households					
Couple, 2 children (both over 12yrs)	3.84	16.77	31.87	15.37	67.85
Couple, 2 children (both under 12yrs)	3.84	16.77	31.83	15.37	67.81
Couple pensioner	8.17	20.76	30.65	7.69	67.27
Lone parent, 1 child (over 12yrs)	15.86	11.44	21.83	7.69	56.81
Lone parent, 1 child (under 12yrs)	15.86	11.28	21.81	7.69	56.64
Single pensioner	8.17	20.66	19.77	3.85	52.45
Couple, no children	3.84	10.49	27.75	7.69	49.77
Single unemployed	3.84	7.83	19.77	3.85	35.29
Household with Jobs					
Couple 2 earners at €200,000	3.84	3.83	39.51	0.00	47.18
Couple 2 earners at €150,000	3.84	3.83	39.51	0.00	47.18
Couple 2 earners at €100,000	3.84	3.83	39.51	0.00	47.18
Couple 2 earners at €80,000	3.84	3.83	39.51	0.00	47.18
Single, job at minimum wage	3.84	3.83	31.46	0.00	39.13
Couple 1 earners at €100,000	3.84	3.83	26.94	0.00	34.62
Couple 1 earner at €60,000	3.84	3.83	26.94	0.00	34.62
Single, job at €120,000	3.84	3.83	23.59	0.00	31.26
Single, job at €100,000	3.84	3.83	23.59	0.00	31.26
Single, job at €60,000	3.84	3.83	23.59	0.00	31.26
Single, job at €40,000	3.84	3.83	23.59	0.00	31.26
Couple 2 earner & 2 children, at €60,000	3.84	9.20	14.20	3.85	31.08
Couple 1 earner & 2 children, at €30,000	3.84	9.20	8.45	3.85	25.33
Couple 2 earners at €60,000	3.84	3.83	14.20	0.00	21.87
Single, 1 child, job at €30,000	3.84	3.83	11.32	1.92	20.92
Single, job at living wage	3.84	3.83	11.32	0.00	19.00
Single, job at €30,000	3.84	3.83	11.32	0.00	19.00
Couple 1 earner at €30,000	3.84	3.83	8.45	0.00	16.12

Source: Social Justice Ireland *Tracking the Distributive Effects of Budgetary Policy—2023 edition* (available online)

Taxation - Choices for Budget 2024



Budget 2024 offers an opportunity for Government to reform some aspects of the current taxation system in the interests of enhancing fairness and sustainability. It is an opportune moment to do so given the strength of the economy and the recent recommendations of the Commission on Taxation and Welfare. On this page we outline a series of reforms for Budget 2024 while on the next page (p6) we present a more extensive agenda for reforming the taxation system.

Taxation, Cost of Living and Fairness

Budget 2024 should avoid using taxation measures as a means of providing short term solutions to the ongoing cost of living challenges that all of society continues to face. Reductions in income taxes, indirect taxes, excise duties and levies represent poorly targeted measures and should be avoided. As we outline elsewhere, similar measures in Budget 2023 were regressive (see p4) and the most prudent use of available resources is to target increases in core welfare rates alongside targeted welfare supports for certain groups.

Carbon Tax and Fairness

The 2020 Finance Act included a schedule of annual carbon tax increases so that this rate reaches €100 per tonne in 2030 (€7.50 per tonne per annum for 9 years and €6.50 in the final year). These commitments reflect commitments in the Programme for Government and the recommendations of the 2019 all-party report on climate change. **We believe that Budget 2024 should continue to abide by these commitments and increase the carbon tax, as planned, by €7.50 per tonne.** It should also include a commitment to use the revenue raised to fund a series of targeted accompanying measures to protect those most affected by it, in particular low-income households and rural dwellers. This proposal would generate **an additional €166m in a full-year** to re-invest in accompanying measures.

Post Pandemic Increase to Employers PRSI

The actions of Government during the pandemic and the cost-of-living crisis has highlighted the importance to individuals and business of the social safety net provided by state. A core aspect of this is the social insurance system. In European terms Ireland collects very low levels of employers PRSI. For most jobs the rate in Ireland is 11.05% compared to a EU average of 21.34%. Budget 2024 should commence a process of **increasing employers PRSI rates by 1% a year for the next five years** (reaching 15.05% by 2028). Given the cost of living crisis, the initial increase should be delayed to commence from April 2024 and will raise **an additional €600m in 2024.**

Taxing Empty Houses / Underdeveloped Land

Budget 2024 should empower local authorities to collect a **new site value tax on underdeveloped land** - such as abandoned urban centre sites and land-banks of zoned land. This tax should be levied at a rate of €2,000 per hectare (or part thereof) per annum and replace the current vacant sites levy. In the context of an ongoing shortage of housing stock, building new units is not the entire solution as there remains a large number of empty units. We propose that Budget 2024 introduce a levy on empty houses of €200 per month with the revenue from this charge collected and kept by local authorities. Income from both these measures **would yield €100m for local authorities** in 2024 reducing their central fund allocation by the same.

Limit the ability to carry losses forward

Social Justice Ireland believes that in Budget 2024 Government should reform the tax laws so that limits are placed on the ability of

individuals and corporations to carry past losses forward and offset these against current profits/income. We suggest introducing a **rolling limit of 5 years on these losses** commencing from midnight of the day Budget 2024 is announced. Losses prior to this period would no longer be available to offset against profits or capital gains. While this initiative would bring greater fairness to the overall taxation system, we note it would have a disproportionate effect on banking institutions who carry significant, self-inflicted, losses from the economic crisis a decade ago. Consequently, we suggest that Budget 2024 would also extend and amend the current banking levy. Together **this proposal would yield an additional €100m in 2024.**

Reform the R&D tax credit

A tax break for companies engaged in research and development was introduced in 1997 and has been revised and reformed on a number of occasions since. A curious component of the current structure is that firms may claim a tax refund on unused R&D credits - i.e. where they have not paid sufficient tax to cover the refund amount. The use of this scheme has allowed a number of profitable firms to record zero or negative (or 'refunded') tax-paid amounts. This measure should **be removed from the structure of this tax break** in Budget 2024. It would yield €150m in a full-year.

Abolish the Special Assignee Relief Programme

The SARP was introduced in 2014 to provide a tax reduction to high earning individuals who locate to Ireland for work purposes (generally in MNCs in IT and the financial sector). Recipients must earn between €75,000 and €1m. Qualifying employees with income above €75,000 receive a reduction in their income tax liability. This subsidy was intended to boost the attractiveness of Ireland for foreign investment. However, there is no evidence to suggest the scheme has achieved this or that it has induced any recent investment and relocations that would not have otherwise occurred. **The SARP should be abolished** in order to make the tax system fairer. This **would generate €35m** in 2024.

Other Tax Reform Measures

Below are some other taxation measures aimed at broadening the tax-base, increasing revenue, and creating a fairer system:

- introduce **Refundable Tax Credits** (for the two main income tax credits) at a cost of €140m;
- increase by 2% the **minimum effective tax rate paid by people earning €400,000+** (+€100m);
- increase the **PAYE and Earned Income tax credits** by €5 per week (-€670.8m);
- **Standard rate all pension-related tax reliefs** (+€599m); **Standard rate discretionary (non-pension) tax expenditures costing €5m+** (+€152m);
- increase **Capital Gains Tax and Capital Acquisitions Tax from 33% to 35%** (+€136m and + €40m);
- Increase from **7.5% to 8% the stamp duty on non-residential property** (+€59m); Increase **stamp duty on residential property transfers** (amounts in excess of €1m) to 5% (+€64m);
- **restore the Non Principal Private Residence (NPPR)** charge on second homes at €200 a year (+€106m);
- increase **in-shop/online betting duty** to 3% (+€50m);
- introduce a **financial transactions tax (FTT)** (+€350m);
- restore the **hospitality VAT rate** to 13.5% (+€375m)
- Compliance: allocate **+€45m to Revenue.**

Priorities for Taxation Reform



The experience of the last decade has highlighted the centrality of taxation in budget deliberations and to policy development. Taxation plays a key role in shaping Irish society through funding public services, supporting economic activity, and redistributing resources to enhance the fairness of society. Consequently, it is crucial that clarity exist with regard to both the objectives and instruments aimed at achieving these goals.

As outlined elsewhere in this document, having ‘Just Taxation’ is a key component of *Social Justice Ireland’s* guiding vision and policy framework. Consequently, *Social Justice Ireland* believes that it is important that the Budget should strategically approach taxation issues with the objectives of prudently using the available resources, continuing to build a fairer and more sustainable taxation system, and acknowledging that post-pandemic Ireland will need to raise more recurring tax revenue.

On this page, we present a series of reforms necessary to establish a just taxation system. Chapter 4 in our annual socio-economic review *Social Justice Matters 2023* (also available on our website) details our belief that Government’s key policy priorities in this area should be to:

- increase the overall tax-take;
- adopt policies to broaden the tax base; and
- develop a fairer taxation system.

Overall, our views are driven by principles of fairness, sustainability, and the need for structural reform.

Increasing the overall tax-take

Social Justice Ireland believes that, over the next few years, policy should focus on increasing Ireland’s tax-take. We believe that an increase in Ireland’s overall level of taxation is unavoidable in the years to come; even to maintain pre-Covid levels of public services and supports, more revenue will need to be collected. The pandemic has also highlighted public service deficits in many area which will necessitate new investment and spending in the years ahead. Consequently, an increase in the tax take is a question of how, rather than if, and we believe it should be of a scale appropriate to maintain current public service provisions while providing the resources to build a better society. We warmly welcome the recent opening recommendation of the Commission on Taxation and Welfare which made a similar point.

In other publications we have outlined the details of our proposal for a national tax take target set on a per-capita basis; an approach which minimises some of the distortionary effects that have emerged in recent years. Our target is calculated using CSO population data, ESRI population projections, and CSO and Department of Finance data on recent and future nominal overall taxation levels. It also incorporates an adjustment for current windfall corporation tax revenues. The target is as follows:

Ireland’s overall level of taxation should reach a level equivalent to €15,000 per capita in 2017 terms. This target should increase each year in line with growth in GNI*.

Increasing the overall tax take to this level would require a number of changes to the tax base and the current structure of the Irish taxation system. While increasing the overall taxation revenue to

meet this new target would represent a small overall increase in taxation levels, it is one that is unlikely to have any significant negative impact on the economy.

Reforming and broadening the tax base

Social Justice Ireland believes that there is merit in developing a tax package which places less emphasis on taxing people and organisations on what they earn by their own useful work and enterprise, or on the value they add, or on what they contribute to the common good. There are a number of approaches available to Government and our recent edition of *Social Justice Matters* (see ch 4) provides details of these proposals and areas we consider a priority including:

- Reforming Tax Expenditure
- A Minimum Effective Tax Rates for Higher Earners
- Reform of Corporation Taxes
- Introduction of a Site Value Tax
- Taxing Second Homes
- Taxing Empty Houses and Underdeveloped Land
- Taxing Windfall Gains
- Supporting a Financial Transactions Tax

A Minimum Effective Rate of Corporation Tax

Social Justice Ireland believes that the issue of corporate tax contributions is principally one of fairness. Profitable firms with substantial income should make a contribution to society rather than pursue various schemes and methods to avoid such contributions. Ireland’s headline corporation tax rate of 12.5 per cent has been the subject of increasing controversy in recent years. This is not so much because it is low, but because the effective rate that some large firms pay is considerably lower.

For many years we have called for the adoption of a **Minimum Effective Rate of Corporation Tax** and welcome the growing international acknowledgement of this as the only practical and fair route to address this issue. We have proposed an effective rate of at least 10% and believe Budget 2024 should commence the adjustment to this rate by adopting a rate of **6 per cent** for 2024/25. Such a rate would raise a stable and recurring additional taxation income of over €1 billion each year.

Developing a fairer taxation system

The need for fairness in the tax system was clearly recognised in the first report of the Commission on Taxation. It stated:

“...in our recommendations the spirit of equity is the first and most important consideration. Departures from equity must be clearly justified by reference to the needs of economic development or to avoid imposing unreasonable compliance costs on individuals or high administrative costs on the Revenue Commissioners.” (1982:29)

The need for fairness is just as obvious today and *Social Justice Ireland* believes that this should be a central objective of any forthcoming reform of the taxation system. Our recent edition of *Social Justice Matters* (see ch 4) highlights these areas of priority (see also p5):

- Standard Rating Discretionary Tax Expenditures
- Favouring Fair Changes to Income Taxes
- Introducing Refundable Tax Credits
- Reforming Individualisation
- Making the Tax System Simpler



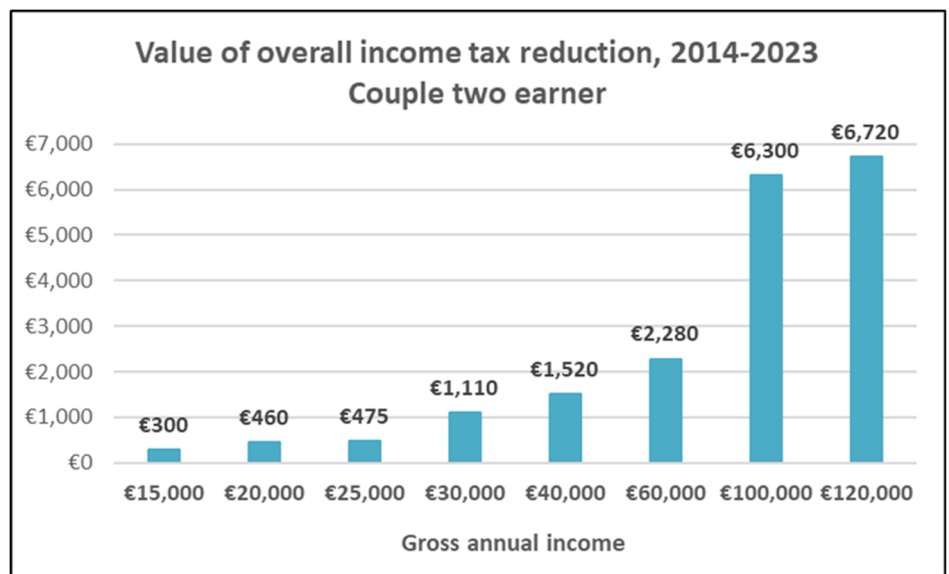
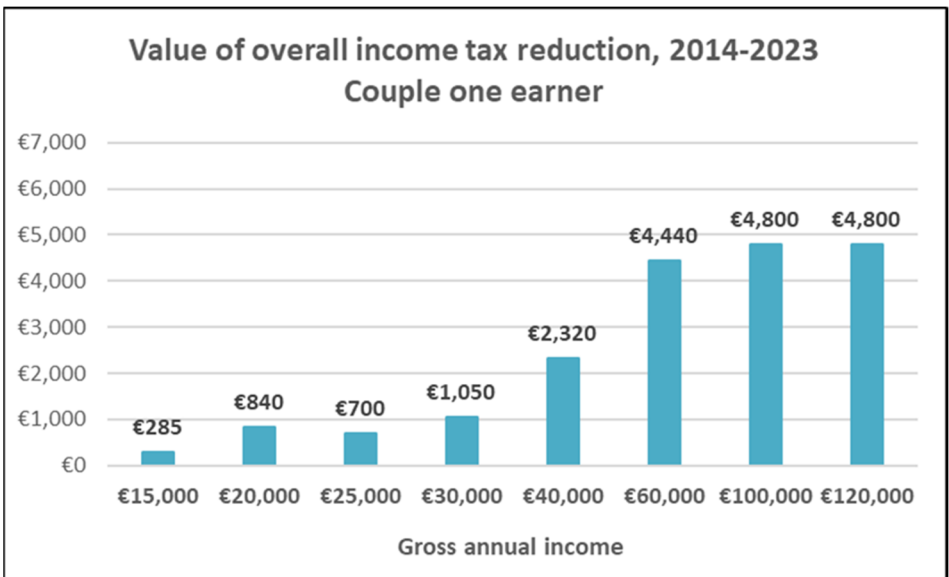
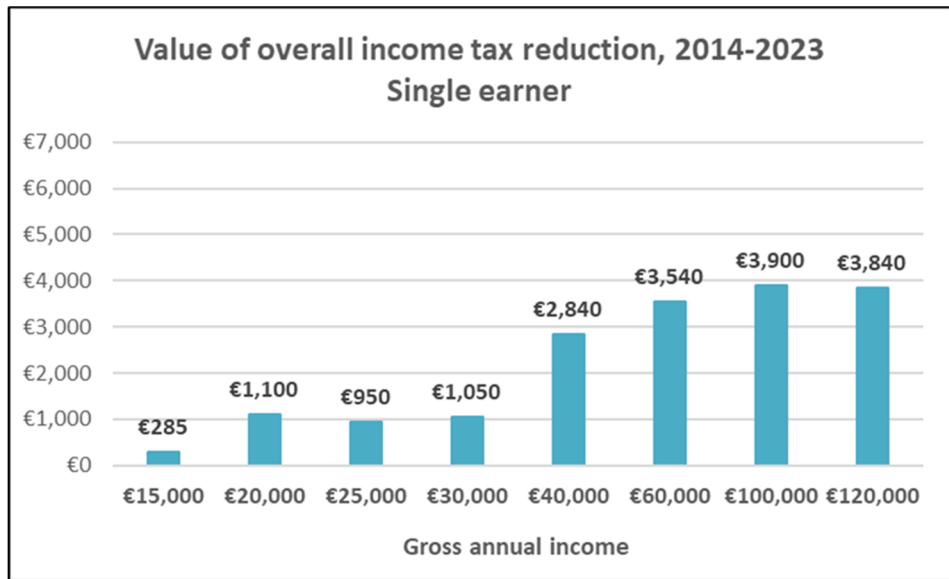
Income Tax Reductions have Favoured Better Off

Many of the Budgets since the end of the last economic crisis have given emphasis to providing reductions in income taxation. Some recent commentary has also attempted to suggest that income taxes are abnormally high and that some further income tax cuts are needed. The evidence suggests otherwise.

Looking back over the past few decades, data from the Department of Finance’s income tax reports, which accompany each year’s Budget, demonstrate that the proportion of gross income paid in all forms of income taxes, levies and social insurance payments fell substantially from the late 1990s to their lowest levels in 2008. These effective taxation rates increased from 2008 to 2013, returning to levels equivalent to those that existed in 2003. Rates were unchanged between 2013 and 2014.

Since 2014 budgetary policy has provided recurring decreases in income taxes. Over three diagrams we compare the total annual value of these reductions between 2014 and 2023. The analysis captures changes to income tax rates, USC rates, social insurance rates and structures, income tax credits and bands. For example a single earner with a gross income of €40,000 paid €9,920 in income taxes, employee PRSI and USC in 2014 and paid €7,080 in 2023; a reduction of €2,840 per annum.

The analysis highlights a number of points. First, it provides evidence of the scale of the income tax reductions delivered over recent years; these are often overlooked, yet are substantial at the individual/household level and at the exchequer level. Second, the charts illustrate the distribution of these income tax decreases. As we have frequently highlighted the gains have been skewed to higher income earners and households.



Source for Charts 7.1, 7.2, and 7.3: Department of Finance Budget Documents - various years and Social Justice Ireland, Social Justice Matters 2023—taxation annex. Notes: All workers are assumed to be PAYE workers. For couples with 2 earners the income is assumed to be split 65%/35%. Couples with one earner are assumed to be entitled to the Home Carer Credit.

Time to Prioritise Social Housing

Ireland's social housing supply is less than 9 per cent of our overall housing stock. According to Housing Europe, this is at odds with many of our European counterparts (Housing Europe, 2021). *Social Justice Ireland* proposes that Government set a target that 20 per cent of all housing stock be social housing by 2030. This would equate to an additional 232,800 social housing units to be delivered in the next eight years, starting with **an increase of €1.4bn in capital expenditure in Budget 2024**. Housing for All commits to just 90,000 but lacks clarity over how 42,500 of those could be delivered within the plan. The current need, based only on the social housing waiting lists, HAP tenancies, RAS tenancies and households in receipt of Rent Supplement is over 157,000. This does not account for households leaving Direct Provision; new households fleeing war; households in refuges for Domestic Abuse; the majority of the homeless as currently counted; or all of the homeless not currently counted within official data (as would be counted under an ETHOS typology proposed by FE-ANSTA). It also does not take account of future demand, averaging 27,500 per year.

The current social housing need, based only on the social housing waiting lists, HAP tenancies, RAS tenancies and households in receipt of Rent Supplement is over 157,000.

A Real Rent Relief

According to the most recent preliminary PAYE Statistics (2023 Q1), it is clear that the impact of the Rent Tax Credit introduced in Budget 2023 has been unevenly distributed across the income distribution. For those with gross earnings of €0 -10,000, the Average Claim amount was €474, while the Average Benefit Received was just €1. For employees earning between €20,000 and €30,000, the Average Benefit Received was closer to the full amount at €458. While tax units earning €200,000+ received an Average Benefit of just over €800. On the basis of the distribution of receipts alone, it is clear that the Rent Tax Credit is inherently unfair. However, there are other anomalies in the system such as the capacity for a double payment of the Rent Tax Credit for those who are privately renting two homes (once the second home meets certain conditions). ***Social Justice Ireland is calling on Government to restructure the Rent Tax Credit to Renters' Grant in Budget 2024, at a cost of €79m for the full year.***

Support for Long Term Mortgage Arrears

The impact of the 2008 recession continues to be keenly felt by borrowers who have struggled to regain control of their mortgage payments since. As of March 2023, 4,828 mortgages are in arrears for more than 10 years, with arrears of €853m. While changes to the Mortgage to Rent scheme were very welcome, it will not provide a solution for everyone in long-term arrears and alternatives must be considered. *Social Justice Ireland* has previously proposed an equity scheme for borrowers in long-term arrears, similar to the mechanism in place for the First Home Scheme, **starting with a pilot of €100m in Budget 2024**.

Housing First, not Hidden Homeless

The latest data indicate that a record 12,259 people, including 3,594 children, accessed emergency homeless accommodation in the week 24-30 April 2023. Family homelessness has increased by 53 per cent (from 1,130 families in July 2016 to 1,733 in April 2023) since the beginning of the previous housing strategy, Rebuilding Ireland, and by 72 per cent since the introduction of Housing for All in September 2021. These are the 'official' data on homelessness. They do not include those staying with family and friends, they do not include rough sleepers, they do not include homeless families temporarily accommodated in housing owned by their Local Authority, they do not include the women and children in domestic violence refuges, and they do not include asylum seekers in transitional accommodation. In 2019, a report commissioned by the European Commission referred to the current state of data collection on homelessness in Ireland as "statistical obfuscation if not 'corruption'." (Daly, 2019). This is unlikely to change with Housing for All. In July 2021, the Department of Housing, Local Government and Heritage reclassified dependents aged 18+ as adults, thus distorting the number of adults, families, and dependants accessing homeless accommodation.

Homelessness is becoming normalised. According to the Homelessness Quarterly Progress Report (October to December 2022), 53 per cent of all single homeless households, similar to the year before, while 64 per cent of all family households accessing emergency accommodation had been doing so for more than six months, an increase from 58 per cent the previous year (Department of Housing, Local Government and Heritage, 2023). The most recent rough sleeper count, taken in November 2022, showed 91 persons sleeping rough in Dublin over the course of the week of the count, down from 94 in October of the previous year.

Expenditure in this area peaked in 2022, at €213 million, the highest since 2019 when it was €183 million, and an increase of almost five hundred per cent on the cost of emergency accommodation in 2014. This compares to a spend on homelessness prevention and tenancy sustainment of just €15.6 million (Department of Housing, Local Government and Heritage, 2023). Budget 2023 increased spending on homelessness services. While this is currently necessary, inadequate resources are being allocated to homelessness prevention. In 2022, Local Authorities spent almost 14 times more on emergency accommodation than homelessness prevention.

Social Justice Ireland welcomed the commitment in Housing for All to the eradication of homelessness by 2030 but were disappointed that this did not extend Housing First beyond vulnerable adults to include families experiencing homelessness. In Budget 2023, Government committed increased funding to providers of emergency homeless accommodation, rather than homelessness prevention. In its policy statement, IHREC recommended an amendment to section 10 of the Housing Act 1988 to limit the amount of time a family may spend in Family Hubs as well as other forms of emergency housing, a similar regime as in Scotland and something that *Social Justice Ireland* has been advocating for. ***Social Justice Ireland calls on Government to expand the remit of Housing First in Budget 2024 to homeless families accessing emergency accommodation, at a cost of €200m, achieved by the winding down of regressive subsidies.***

Work, Low Pay & Welfare



Ireland is currently experiencing full employment, with an unemployment rate at an historic low of just 3.8 per cent in May 2023. However, the cost of living crisis is having a devastating impact on the real value of employee earnings, particularly for low paid workers. In 2022, more than 133,500 people with jobs were living on incomes below the poverty line, the 'Working Poor'. In Q1 2023, almost one in every five part-time employees, some 110,700 people, were underemployed, meaning that they have part-time work but would like more hours. This presents a picture of low-paid and precarious employment behind the 'full employment' headline.

According to research published by the Living Wage Technical Group, the actual living wage in 2022/23 was €13.85 per hour, an increase of 7 per cent on the previous year. In January 2023, the National Minimum Wage (NMW) increased to €11.30 per hour, an increase of just 7.6 per cent against a cost of living increase of 8.2 per cent in the year to December 2022, and almost €100 per week less than the living wage.

Social Justice Ireland tentatively welcomed the Government's stated intention to introduce a living wage in 2022 and, in our submission to the Low Pay Commission, called for a time-limited subsidy to allow small businesses to accelerate its introduction. We reiterate this proposal for Budget 2024.

While low paid employees are waiting for the introduction of the Living Wage, there are other measures Government could take in Budget 2023.

Supporting Low Paid Workers through Refundable Tax Credits

Many people assume that a job is an automatic poverty reliever, and this has been a key driver of Government policy, but this is clearly not the case. The job must also be well-paid with decent conditions. Recent trends of precarious working practices must surely contribute to a situation where 5.8 per cent of those in employment are still experiencing poverty.

Specific interventions are required to tackle the problem of the 'Working Poor'. Introducing a system of Refundable Tax Credits, at a cost of €140 million in 2024 would allow low income workers who do not earn enough to use their full credit to have the unused portion "refunded", and support their ability to deal with increasing living costs. Making tax credits refundable would make Ireland's tax system fairer, address part of the working poor problem, and improve the living standards of a substantial number of people in Ireland.

Supporting Low Paid Workers through the Tax Credits System

Social Justice Ireland calls on Government to develop employment-friendly income tax policies which ensure that no unemployment traps exist. Policies should also ease the transition from unemployment to employment.

In Budget 2024, Government should increase the PAYE credit and Earned Income credit by €5 per week at a first year cost of €670.8 million in 2024.

Adequate levels of social welfare are essential to addressing poverty. Income adequacy cannot be addressed by one-off measures.

Without the social welfare system just over one-third of the Irish population (36.7 per cent) would have been living in poverty in 2022. Such an underlying poverty rate suggests a deeply unequal distribution of direct income. In 2022, the actual poverty figure of 13.1 per cent reflects the fact that social welfare payments reduced poverty by almost 24 percentage points.

If Government is serious about meeting its own poverty targets and supporting households on the lowest incomes who, through good and bad economic times, struggle to live life on a low income, then **the core rates of social welfare must increase by €25 in the budget at a cost of €1,047m.**

Equalising Rates for under-25s

In addition, the rate of jobseekers for those aged between 18 and 24 (not living independently) is currently inadequate to meet even basic needs and must be raised to the full adult rate at a cost of €63m. This increase will move us towards the benchmark of 27.5 per cent of average weekly earnings. This benchmark is hugely important to improving the living standards of many in Irish society, and to achieving anti-poverty commitments. This benchmark should be used as the starting point in the development of a pathway to index core social welfare rates to the Minimum Essential Budget Standard over time.

Older people living alone

The most recent data on poverty rates from the Central Statistics Office shows that 143,633 older people are living in poverty in 2022. Worryingly, this is an increase of over 55,000 since 2021. If we are to halt and reverse this trend, **Government must increase the Living Alone Allowance by €5 a week at a cost of €62.5m**

Increase access to Fuel Allowance

Taking a five-year reference period (March 2018-2023) the CSO found that prices for Electricity, Gas & Other Fuels, increased by 102.2 per cent. Absorbing such a price increase has an impact on every household, however the impact is most acute for those households on the lowest income. *Social Justice Ireland* calls for the payment to be **extended to those in receipt of Working Family Payment at a cost of €44.5m.** This also unlocks secondary benefits such as access to retrofitting grants.

Reinstate Bereavement Grant

Recent research from the Irish Hospice Foundation shows that 30,000 households every year are impacted by a bereavement with many facing difficult and unforeseen costs. **The Bereavement Grant should be reinstated at the rate of €850 per person deceased at a cost of €31m.**

If Government is serious about reaching any of the poverty targets contained in the Roadmap for Social Inclusion, the SDGs or Programme for Government, welfare rates **must** increase in Budget 2024.

Rural Ireland, the Regions and Communities



Investment in the regions is vital to addressing the many challenges Rural Ireland faces including an older population, higher rates of part-time employment, lower median incomes, higher poverty rates than the national average and distance from everyday services. Investment in social and economic infrastructure for the regions is essential to ensure a Just Transition for rural communities.

Rural and regional economies

Rural and regional economies are not alone in facing the challenges of climate mitigation and digital transition. Targeted support is required to build regional resilience. Climate adaptation and digitalisation present both challenges and opportunities to rural economies. They must be supported through investment in social infrastructure to ensure they can take full advantage of any opportunities and negative impacts are mitigated in so far as possible. *Social Justice Ireland* proposes the establishment of a regional development and transition programme. This programme would have the task of aligning 'Our Rural Future', 'Our Living Islands', Regional employment plans, 'Making Remote Work', the 'Climate Action Plan' and economic policies with the principles of just transition and developing sustainable local economies and livelihoods for our communities.

€100m should be allocated to Regional Development and Transition in Budget 2024. This funding should be used to invest in (i) Smart Villages and associated infrastructure to support remote working; (ii) education for the current and future generation of farmers to move to more sustainable agricultural methods; (iii) developing local cooperatives and regional 'Farm to Fork' strategies; (iv) improving and expanding public services to promote and support rural living; (v) a €5m allocation to support the deliver of three rural proofing pilots planned by Government in 2024 and (vi) the development and expansion of Living Labs in each region focused on plastics, renewables, zero carbon buildings and agro-ecology.

An additional **€25m to Enterprise Ireland** to develop and support indigenous enterprises and job creation across the regions, particularly those areas with employment which will be most impacted by the green and digital transitions. We also propose an additional **€25m for Fáilte Ireland** to promote island, local and regional tourism initiatives.

Broadband

Strategies and plans to promote rural and regional economies are heavily reliant on the provision of reliable, quality, high-speed broadband. *Social Justice Ireland* proposes a **€200m investment** to support continued rollout and development of the Remote Working Hubs network and associated infrastructure and shared services, of which €5m should be ringfenced for upgrading existing remote working hubs and meeting our Digital Agenda for Europe targets.

Rural Transport

Increased funding is required for rural public transport and the nationwide expansion of cycling infrastructure and greenways.

Social Justice Ireland calls on Government to invest **an additional €50m to the Rural Transport Programme**, increasing the range of public transport options, including last mile transport and ensuring the rural public transport options and fleet are in line with our climate commitments, safe-guarding communities from isolation, and incentivising greater public transport usage. In addition we propose an initial investment of **€10m in our active transport and cycling and walking infrastructure**. This would support local tourism initiatives, and also offer rural dwellers viable transport options to get to and from daily employment and other activities.

Community and Voluntary Sector

The Community and Voluntary sector proved to be a vital part of the national response at local level to the pandemic, the recent increases in the cost of basic goods and services and in assisting new arrivals fleeing war and persecution to become part of their new communities. All this despite cuts to funding since 2008 never being fully restored. Government relies heavily on the sector and must therefore ensure adequate resourcing by **allocating €50m in Budget 2024 to include pay increases for the sector**.

Public Participation Networks (PPNs)

The PPNs across every local authority are another vital link between national and local Government and policy making. Long term investment in staff is key to keeping communities engaged with the process of participation. *Social Justice Ireland* proposes **additional allocation of €3m in Budget 2024** to support capacity building and meaningful engagement with policy structures at local level.

Community Sports

1.58 million people in Ireland regularly participate in sports. This represents an drop of about 200,000 since 2019 and based on current population projections, an additional one million people will need to participate in sport on a regular basis in order to achieve the 2027 target set by the National Sports Policy 2018-2027. Research also shows that there is lower participation in sports in lower socio-economic groups. **Budget 2024 should allocate an extra €2m to increase investment in sports and recreation facilities, particularly in disadvantaged areas.**

Supporting Integration into Communities

Ireland is a safe wealthy country that is now able to offer refuge to those fleeing war and persecution across the world as well as welcoming many who travel here for work and educational opportunities. Many who arrive here will need assistance in navigating various systems such as health, housing, work permits and financial services. Many who arrive here wish to participate and learn about their new communities. *Social Justice Ireland* recommends **an allocation of €2m to support an Integration Officer** for each Local Authority.

Forecasting For Change

Budget 2024 should allocate €0.5m to the CSO to support Forecasting For Change, a new method of population projection. This will be necessary if we are to allocate resources effectively.

Health and Disability



People should be assured of the required treatment and care in times of illness or vulnerability. The standard of care is dependent to a great degree on the resources made available, which in turn are dependent on the expectations of society.

Access to Care

Ireland ranked 22nd out of 35 countries in 2018 in a report by Health Consumer Powerhouse published in 2019, but on the issue of accessibility, Ireland ranked the worst. That report notes that even if the (then) Irish waiting-list target of 18 months were reached, it would still be the worst waiting time situation in Europe. Irish hospitals are working near full capacity.

According to data from the National Treatment Purchase Fund there were 600,888 people waiting for outpatient's treatment in May 2023, with 85,665 patients (including more than 10,000 children) waiting for 18 months or more for treatment. While the pandemic may have contributed to the numbers on the waiting lists in recent times, the numbers have been very high over many years, and well above 400,000 since 2015. The pandemic also 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. Government needs to urgently address these inequalities in the health service and implement a programme that provides access on the basis of need.

Transforming Acute and Community Care Services

Irish hospitals are working near full capacity. The occupancy rate for acute care beds is among the highest in OECD countries, and while having a high utilisation rate of hospital beds can be a sign of hospital efficiency, it can also mean that too many patients are treated at the secondary care level. In order to improve access to care, and to progress a shift to a model that prioritises primary and social care *Social Justice Ireland* is proposing that **€600m of surplus windfall revenue is invested in Sláintecare infrastructure with a focus on Enhanced Community Care in Budget 2024.**

The model of healthcare used in Ireland is defined by an over-emphasis on hospitals and acute care, rather than primary and social care being more central. *Social Justice Ireland* welcomes continued resourcing for the rollout of the 96 Community Healthcare Networks and the 30 Community Specialist Teams for Older People and Chronic Disease. However, significant sustained investment in General Practice, Primary Care & Community Based Services is required in conjunction with the implementation of the Regional Health Areas to ensure the transformation of the health service in line with Sláintecare.

To address the inequalities in our healthcare system and develop a system that is fit for purpose for all, in Budget 2024 Government needs to:

- Invest €100m in the expansion of the Enhanced Community Care Programme to alleviate pressure on acute services and ensure treatment is provided at the appropriate level of need.

- Invest a minimum of €100m annual in providing Universal Access to GP Care while expanding the number of GP and Practice Teams in line with the shift towards Primary Care & Community Based services envisaged in Sláintecare.
- Invest €50m in Community Nursing Facilities and rehabilitation beds.

Mental Health

According to the latest available data, the HSE Management Data Report for March 2021, 2,625 children and young people were awaiting supports from the Child and Adolescent Mental Health Service (CAMHS), with over one in ten waiting for 12 months or more. A mental health crisis is also likely to be a prevailing legacy from Covid-19.

In Budget 2024, Government must invest in the full implementation of the *Sharing the Vision* policy (including addressing staffing issues) **at a cost of €35m** and increase funding for programmes dealing with alcoholism and addictions **at a cost of €72m.**

In addition, resources must be allocated to fully implement the *Connecting for Life* strategy to tackle suicide among young and marginalised people **at a cost of €7m in Budget 2024.**

Persons with a Disability and Carers

Persons with disabilities were cumulatively affected by a range of decisions introduced as part of successive austerity Budgets. These included cuts to social welfare payments, changes in medical card eligibility, increased prescription charges, and cuts to supports such as respite, home support hours, and housing adaptation grants. The cumulative effect of changes makes it difficult for some people to continue to live in their communities.

To support people with disabilities to live fulfilling lives within their communities, Government must:

- **Introduce a cost of disability payment of €20 per week at a cost of €228m in Budget 2024.**
- **Increase investment in disability services, including respite and personal assistant services (cost of €40m).**
- **Allocate €40m for implementation of the UNCRPD.**

Carers provided a huge service to the State. According to the latest census data there are over 299,000 unpaid carers in Ireland providing unpaid care each week, an increase of 53 per cent in six years.

To acknowledge and support the work of carers in Ireland, at the very minimum in Budget 2023 Government must:

- **Expand the Free Travel scheme to include people in receipt of Domiciliary Care Allowance (cost of €6.1m).**
- **Increase the annual Carer's Support Grant to €2,000 (at a cost of €20.9m).**
- **Implement an independent review of Carer's Allowance.**
- **Increase the Domiciliary Care Allowance to €355 per month.**
- **Pilot a Universal Basic Services and a Universal Basic Income Scheme for Carers at a cost of €10m in line with the Programme for Government Commitment to a Carers Guarantee.**

Education, Children and Families



Investment in education at all levels is essential in Budget 2024. Our education system is still dealing with the long-term fallout in the impact of learning from Covid-19, including the worsening of existing inequalities. It has to meet the ongoing needs of those pupils fleeing war in Ukraine, address issues regarding a shortage of school places and teaching staff in some areas and begin to provide the necessary supports and places at all levels for students with special educational needs.

Early Childhood Care and Education (ECCE)

Ireland performs poorly when it comes to investing in early years and ECCE for three to five year olds. **Social Justice Ireland proposes that Government allocate €283m in Budget 2024**, 0.1% of GNI*, and build on this investment each year to 2030 to support staff professionalisation, expansion of ECCE provision through the Irish language, and investment in non-contact ECCE time.

Reducing class sizes and Pupil-Teacher ratios

Ireland's class sizes have long been above the European average, particularly at primary level where the average class size is 22.8. (The EU average is 20). Budget 2024 should set a target of keeping average class sizes below 20 and reducing the Pupil-Teacher Ratio (PTR) further with a special focus on primary level and DEIS schools. **€20.5m should be allocated in Budget 2024 to reduce the PTR.**

Supporting newly arrived students

Schools will need additional resources to provide ongoing support to students from Ukraine in the education system. **Social Justice Ireland proposes an additional investment of €5m in Budget 2024.**

Students with Special Educational Needs

Budget 2024 should invest **€100m** as a first step to commence and implement EPSEN Act in full by 2026.

DEIS Schools at Primary and Post-Primary level

Continued support for DEIS schools must be a policy priority, with a suite of measures to address educational disadvantage including reduced PTR and class sizes, and sufficient ongoing resourcing available to support new ambitious literacy and numeracy targets. **Social Justice Ireland proposes €15m to support the continued expansion of the DEIS programme in Budget 2024.**

We also recommend the **restoration of the Back to School Clothing and Footwear Allowance** to 2011 levels (€18m) increase funding for **Schools Meals Programme** by ten per cent (cost €6.5m), and **€15m** to fund school places, programmes and supports for students with **special education needs**. Finally, Budget 2024 should see a **10 per cent increase in capitation grants at both primary and secondary level** (cost €10.4m).

Further and Higher Education and Training

An additional €40m investment in Further Education and Training to develop and expand apprenticeships and traineeships to meet future skills needs and advance the circular economy, particularly at a regional and community level with **€1m** to support a skills transfer programme for migrants.

An additional €140m in State funding in higher education is needed as a first step towards meeting the core funding gap of €307m identified in 'Funding the Future' by 2026. *Social Justice Ireland* also proposes that Government **allocate €61m in Budget 2024 to increase the maintenance grant by €1,000**. We also propose an **increased allocation of €1m to the Fund for Students with a Disability** in Budget 2024 and a **€2m investment in additional apprenticeship and traineeship places** for Traveller students.

We propose that **€10m be invested in a Transition Skills Fund** targeted at young people not engaged in education or training (NEETs) and people employed in sectors whose jobs are at high risk of automation. **€5m investment for the Technological Universities** to provide digital and green skills training, regional living labs and to address skills gaps at a regional level

Digitalisation and Artificial Intelligence are already having a disruptive influence on education, training and employment. Government should invest **€3m to establish a Commission on the Impact of Digitalisation and AI** with a focus on vulnerable groups.

Lifelong Learning and Adult Literacy

Social Justice Ireland proposes an **investment of €5m in Budget 2024 to expand the Human Capital Initiative and improve lifelong learning** across all cohorts of the population. €25m investment per annum until 2028 in **adult literacy** - €20m to rollout the new Adult Literacy, Digital Literacy and Numeracy Strategy and €5m to fund ancillary and support services. We also propose an additional investment of **€1.5m** in Community Education.

Children and Families

Investment in Children and Families is an essential investment in our social and human capital. Child benefit remains a key route to tackling child poverty and is of particular value to those families on the lowest incomes. In 2022, 15.2 per cent of children in Ireland were living in poverty. *Social Justice Ireland* proposes **an increase of €50 in the Child Benefit payment in Budget 2024 at a cost of €740m** as a first step towards investing more to address, reduce and prevent child poverty in Irish society.

Government should introduce an **additional two weeks paternity leave in Budget 2024 at a cost of €14m and an additional two weeks of paid parental leave at a cost of €26m**. To support child and family support services, Budget 2024 should allocate **additional funding to Tusla of €47m for child protection and increased social provision for children and families**, while increasing the resources available for the **regulation of childminders by €2m**. **€3.5 million** should be allocated to support the delivery of the National Action Plan for the EU Child Guarantee.

Budget 2024 should allocation an **additional investment of €5m in funding for the Arts Council** to embed arts and cultural participation as part of the ECCE framework. This investment would begin to address the large disparities in arts participation between children from different socio-economic backgrounds highlighted in the *Growing up in Ireland* study.

Financial Literacy

Budget 2024 should allocate **€2m** in a financial literacy programme aimed at school children and their families.

Older People and Pensions

According to Census 2022, there were 1,048,985 people aged 60+ living in Ireland on Census night, an increase of 19.7 per cent on Census 2016. The number of people aged 65+ increased by 21.8 per cent in the same period, while the highest rate of increase was in those aged 70+ (27 per cent) and 85+ (25 per cent) (CSO, 2023). It is therefore imperative that incomes, services, and infrastructure are sufficient to meet the needs of an older population.

Adequate Income

Data published by the Central Statistics Office indicate that the current increases in the cost of living are disproportionately impacting older households, with those aged 65+ experiencing an increase in inflation of 7.8 per cent in the year to March 2023, compared to 7.7 per cent for the general population, and a five-year increase of 17.8 per cent between March 2018 and March 2023, compared to 16.9 per cent generally (CSO, 2023). The number of people aged 65+ living below the poverty line in 2022 increased by 55,000 compared to the previous year, and the number of people aged 65+ accessing emergency homeless accommodation in April 2023 (171) represents an increase of one third since the introduction of Housing for All in September 2021.

Social Justice Ireland has previously proposed a single-rate universal state social welfare pension at the rate of the State Pension (Contributory). The significant additional expenditure required could be funded through reform of Ireland's system of pension-related tax reliefs, and through a moderate increase in Employer PRSI, as detailed in our report on the Universal Pension from March 2018. This would involve standard-rating the tax break on all private pension contributions. **We further call on Government to increase the State Contributory and Non-Contributory Pensions by €25 per week and to universalise the payment, starting in January 2024 at a cost of €1.5 billion in Budget 2024.**

Housing Supports

According to Eurostat, 13.1 per cent of Ireland's population aged 65+ are living in a dwelling with a leaking roof, damp walls, floors or foundation, or rot in window frames or floor, the highest rate since 2015, and that's before accounting for illness or disability which requires further home adaptations. That equates to more than 101,600 older people. The same dataset indicates that more than 3,000 older people do not have an indoor flushing toilet for the sole use of their household. The expenditure in respect of the Housing Aid for Older People plummeted from €30.8m in 2010 to just €12.8m in 2020, while Housing Aid for People with a Disability reduced from €39.8m to €26.6m in the same period. While *Social Justice Ireland* welcomed the increased funding of €83m for housing adaptations this year, the cuts to Housing Aid for Older People and Housing Aid for People with a Disability must be restored in full and take account of our increasing aging population, **starting with an additional allocation of €85m in Budget 2024.**

A recent report from ALONE and Threshold suggest that one quarter of older people expect to continue renting into older age, with 42 per cent of participants in the study experiencing high stress caused by the precarity of their housing situation. In 2018, Government committed to a Policy Statement on Housing Options for

Our Ageing Population, however the Final Report of the Implementation Group was published in June 2022 with many key actions unresolved. As part of the social housing Budget, Government must make provision for age-appropriate housing, to universal design standards, in Budget 2024.

Home Care

The statutory right to home care, committed by Government to be set out in legislation by early 2021, is yet to be published. Unmet need for home care results in delayed discharges at acute level, increasing the risk of infection and dependency on hospital and long-term care.

The average number of hours provided by the HSE per older home care recipient for the first nine months of 2022 was 7.3 hours per week. The 2022 Public Services Performance Report indicates that just 88 per cent of the targeted home care support hours, and 34 per cent of intensive Home Care Packages, were achieved in 2022. The targeted number of people in receipt of home care was exceeded in 2022, meaning limited resources were being stretched even further. **Budget 2024 must include an allocation of €96.4m for additional home care supports and address the most current waiting lists.**

The Community and Voluntary sector provide a range of key supports for older people, from befriending and social inclusion supports, to home care and assistive technologies. These supports are particularly important for those older people living with dementia and their families. A report by TASC and the Wheel detailed increasing staff turnover rates, waiting lists and closures of some services due to inadequate funding. We therefore call on Government to **increase funding in this area by €50 million in Budget 2024.**

Nursing Homes

Some 3.3 per cent of all people aged over 65 reside in nursing home care funded by the Nursing Home Support Scheme according to the Public Services Performance Report 2022. This amounts to 22,769, exceeding the target of 22,412 for the year. While the health focus should be on enabling people to age at home, for those for whom nursing home care is appropriate, there must be adequate provision for nursing home care across the country. ***Social Justice Ireland* calls on Government to provide an additional 500 nursing home places in Budget 2024, at a cost of €27.3m.**

Safeguarding

The number of reports of safeguarding concerns increased by 18 per cent in 2022. Of the 13,700 safeguarding reports made to the HSE Safeguarding Teams, 31 per cent were made by people aged 65+, while the number of complaints raised by people aged 80+ increased by 32 per cent on 2021. Reports of elder abuse exceeded 4,000 for the first time, and the reporting rate of adults aged 65+ was almost twice that of those aged 18-64. The most prevalent types of abuse reported for this older people were psychological, physical and financial. **Budget 2024 should contain an additional €3 million to establish an independent safeguarding authority.**

Just Transition



Budget 2024 must ensure that our investment strategy supports the ambition of the climate action plan, a just transition to a green economy, emission reductions, and expedites progress towards our 2030 targets while building a sustainable, resilient, vibrant society and economy.

Transport

Social Justice Ireland proposes a **Commercial Air Transport tax in Budget 2024 to yield €215m**. This would ensure air travel makes a contribution to carbon budgets for the transport sector in line with the ‘Polluter Pays’ Principle and the Environment Liability Directive while Government proactively pursue the removal of the exemption of Jet Kerosene from excise and carbon taxes at EU level. Airlines and business air charter companies operating in Ireland will pay a per-passenger charge of between €5 and €30, depending on destination, on all commercial flights, with a seating capacity greater than 10, departing Irish airports.

Aggregate Levy

To promote the recycling of aggregates (rocks, sand and gravel) in the building industry, and the re-use of old buildings, *Social Justice Ireland* proposes the introduction of an **aggregate levy of €2.50 per tonne** in Budget 2024. This would generate an estimated yield of €75m.

Retrofitting

Social Justice Ireland proposes that **€85m be allocated in Budget 2024 for a retrofitting programme** modelled on the Energiesprong programme in the Netherlands with €10m targeted for improving ventilation in public buildings. €20m should be invested in a pilot **Building Renovation Passport Scheme** to support step by step approach to retrofitting.

Energy efficiency

Government should allocate **€1 billion from windfall revenue gains** in Budget 2024 for investment in offshore wind energy to accelerate existing plans, secure our renewable energy infrastructure and meet our climate targets. Investment in our renewable energy generation capacity is key to reducing our reliance on fossil fuels and meeting our 2030 targets. **€100m should be invested in the development of renewable energy sources**, €2m of which should be ringfenced to establish a network of community energy

advisors. We propose an **initial allocation of €30m to upgrading the national grid and a reform of the RESS auction** to make it more accessible for communities, individuals and farmers. **€15m** should be invested in expanding the charging infrastructure for electric vehicles. The PSO levy should be reorganised according to average demand, as a first step to ensure that Data Centres make an appropriate contribution to Ireland’s renewable energy targets.

Reducing Waste

To reduce the level of municipal waste going to landfill and promote the use of re-usable, biodegradable and compostable products, *Social Justice Ireland* proposes an investment of **€82m to support the rollout of the proposed deposit and return scheme for sealed beverage containers** in Budget 2024. This would boost recycling and yield an economic return of approximately €96m per annum.

Biodiversity and Nature

Budget 2023 should invest **€10m in the National Parks and Wildlife Service and in the National Biodiversity Centre** to scale up policies to support biodiversity, to mainstream biodiversity into economic decision-making, and support community led projects.

Investing in the Future—the Circular Economy

Social Justice Ireland proposes an allocation of **€10m in Budget 2024 to begin the rollout of the Circular Economy Strategy** concentrating on areas such as sustainable agriculture, living labs focussed on agro ecology, bio-economy, plastics, and the piloting of a circular economy town.

Agriculture

Government should pilot **Farm Sustainability Passport** scheme at a cost of €5m in Budget 2024 to support farmers to move to environmentally friendly and sustainable agricultural methods.

Fossil fuel subsidies and tax expenditures

In Budget 2024 Government should begin the process of **ending fossil fuel subsidies and environmentally harmful tax expenditures**. These not-insignificant resources (€2.2bn in revenue foregone in 2020) should be invested in renewable energy, addressing energy poverty and a deep retrofitting programme for homes and community facilities.

A Just Transition: delivery and investment

One of the fundamental principles of a Just Transition is to leave no people, communities, economic sectors or regions behind as we transition to a low carbon future. Transition is not just about reducing emissions. It is also about transforming our society and our economy, and investing in effective and integrated social protection systems, education, training and lifelong learning, childcare, out of school care, health care, long term care and other quality services. Social investment must be a top priority of transition because it will support those people, communities, sectors and regions who will be most impacted as we transform how our economy and society operates. The proposed **Climate Dialogue** must be built on the principle of social investment and just transition.

In Budget 2024 Government should invest €166m in delivery of a Just Transition. This investment should support the establishment and work programme of the Just Transition Commission to be situated in the National Economic and Social Development Office. This allocation should support the work of the commission, the secretariat function, the delivery of sectoral transition targets across industry, energy, transport and agriculture. In addition it should fund the establishment of a Just Transition Dialogue framework to support the establishment of an ongoing local, regional and national dialogue on a quarterly basis to monitor progress in meeting climate targets and the delivery of social infrastructure to support communities and sectors most impacted.

Ireland: Some Key Diagrams and Tables

Chart 15.1: Net National Debt per person, 2000-2028
(estimates from 2021)

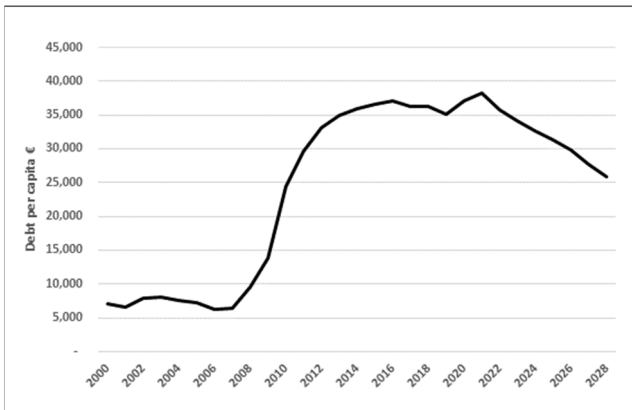


Chart 15.2: Jobseekers Benefit as a % of Average Weekly Earnings, 2011-2022

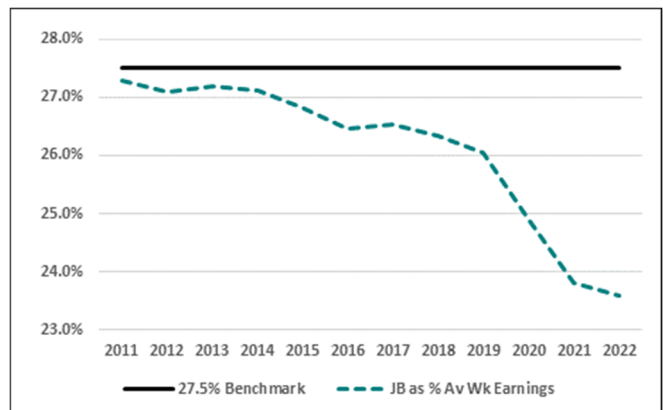


Chart 15.3: Poverty and Deprivation, 2005-2022

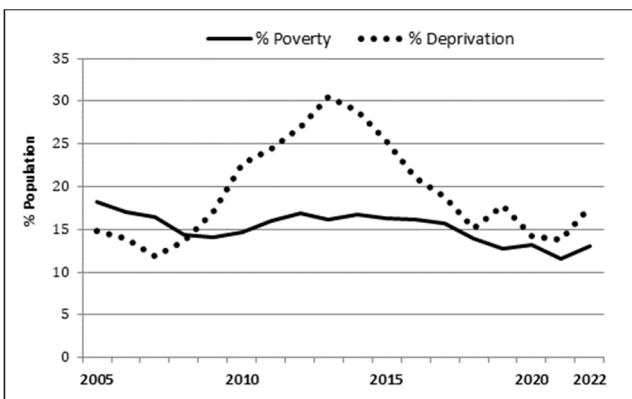


Chart 15.4: The Rich-Poor Gap, 2014-2023 (€ per week)

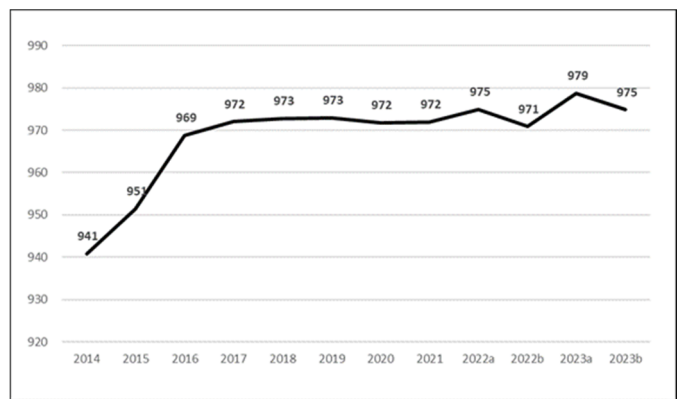


Table 15.1: The Minimum Disposable Income Required to Avoid Poverty in 2023, by Household Types

Household containing:	Weekly poverty line	Annual poverty line
1 adult	€318.53	€16,621
1 adult + 1 child	€423.64	€22,106
1 adult + 2 children	€528.75	€27,590
1 adult + 3 children	€633.87	€33,075
2 adults	€528.75	€27,590
2 adults + 1 child	€633.87	€33,075
2 adults + 2 children	€738.98	€38,560
2 adults + 3 children	€844.09	€44,045
3 adults	€738.98	€38,560

Table 15.2: Effective Taxation Rates for selected household types, 2014 / 2022 / 2023

	2014	2022	2023
Single earner			
Gross Income €25,000	11.1%	6.4%	5.6%
Gross Income €60,000	33.9%	29.4%	28.0%
Couple 1 earner			
Gross Income €40,000	14.9%	10.0%	9.1%
Gross Income €60,000	26.6%	20.9%	19.2%
Couple 2 earners			
Gross Income €40,000	9.9%	7.0%	6.1%
Gross Income €100,000	30.2%	25.6%	23.9%

Data on this page is from: IMF *World Economic Outlook*, CSO Earning and Labour Costs, CSO *SILC*, Social Justice Ireland *Budget Analysis and Critique* and *Social Justice Matters: Annual Socio-Economic Review*.

Rich-Poor Gap Notes: This analysis tracks the annual disposable income change in the gap between single jobseekers and PAYE earners on €100,000 per annum. 2022a is the outcome from Budget 2022, 2022b is the outcome at the end of 2022 including all cost of living measures. 2023a is the outcome from Budget 2023, 2023b is the outcome after including the additional 2023 cost of living supports announced in February 2023.

International Protection, ODA and DSGBV



As of early June 2023, there were 21,270 people living in Direct Provision and emergency international protection accommodation spread across 205 locations, 2 of which are temporary tented sites. In contrast, and in addition to those seeking international protection, by February 2023, 74,458 Ukrainian refugees have arrived, being granted automatic temporary protection status. According to the Roundtable on Migrations in Our Common Home (2023), migration will continue, and increase into the future, and must be planned for accordingly.

The significant challenges to the implementation of the Day Report (2020) and the subsequent White Paper on Ending Direct Provision (2021) that existed prior to the Russian invasion of Ukraine will be all the more evident as more refugees arrive.

The White Paper committed to a system that aims to support those applying for protection to integrate in Ireland from day one with health, education, housing and employment supports along the lines of the response to those from Ukraine, moving towards new, not for profit Reception and Integration Centres. After the first four months, anyone with a claim still in progress will move to accommodation within the community, families with own door and single people will have own room accommodation. As 3,660 individuals with leave to stay were still living in Direct Provision as of March 2023, the issue of accommodation is increasingly a concern. Other supports such as access to legal aid and assistance, access to work, education and training, access to driving licences and bank accounts are provided for which are all welcome steps. Social Justice Ireland welcomed the commitment in the Programme for Government to abolish the Direct Provision system and move away from the for-profit model. This needs to be resourced now as a matter of urgency.

The development of this new model of delivery was due to begin in February of 2021 in a phased basis until its completion by December 2024 with estimated capital costs of between €446 million and €672 million and current costs of €175 million. As little to no progress has been made, this needs investment of €500m in Budget 2024. Now more than ever, vulnerability assessments must be prioritised. Social Justice Ireland recommends the introduction of the vulnerability assessments at a cost of €2 million. A further €51m is needed to increase the weekly adult allowance by €50 a week, under 12 child payment by €20 and over 12 by €50 per week to allow for families to access basic necessities.

ODA, Climate Finance, and Loss and Damage

Government must accept that ODA, Climate Finance, and Loss and Damage are three different commitments made under three different agreements. Reaching the UN goal of 0.7 per cent of income in ODA will require increased effort in the years ahead. *Social Justice Ireland* recognises and welcomes the increased contributions in recent Budgets to ODA. However, Ireland still lacks a strategy for reaching the UN-agreed 0.7 per cent target and we call on the Government to develop such a strategy with a view to reaching this target by 2028 (see *Social Justice Matters*, ch.13).

Notwithstanding our current economic difficulties, Ireland must continue to recover lost ground in relation to our ODA commitments. Irish climate finance is provided publicly on a grant-basis, as opposed to through loans. There is an important focus on adaptation and building capacity and resilience in poorer countries. However, while a climate finance plan has been devised, with the publishing of the Climate Finance Roadmap (Government of Ireland, 2022) in July 2022, the connection of Climate Finance with ODA distorts reality - we are further behind in fulfilling our commitments than we publicly depict. Notwithstanding our current economic difficulties, Ireland must continue to recover lost ground in relation to our ODA and climate finance commitments.

In both Irish Aid's Climate and Environmental Finance Report 2020 (Department of Foreign Affairs, 2022) and the Irish International Climate Finance Roadmap, reference is made to Climate Finance representing approximately 10 per cent of Ireland's ODA in the years 2017 to 2020. Both also refer to a commitment to reach a target of €225m by 2025. This would equate to roughly 73 per cent of Ireland's actual share of our Climate Finance target. Using these metrics, the real number would be closer to €308.2m. This is separate from our commitments towards ODA and any provision for our fair share of the Loss and Damage fund agreed at COP27 in 2022.

***Social Justice Ireland* calls on Government to set allocate an additional €1bn combined to meet our ODA, Climate Finance, and Loss and Damage commitments.**

In light of increasing food insecurity, particularly among countries in the Global South, we further call on Government to provide an additional €1bn towards the eradication of world hunger.

Domestic, Sexual, and Gender-Based Violence (DSGBV)

In 2022, the number of women killed in violent circumstances was the highest in 10 years. Between Q3 2021 and Q3 2022, 83 per cent of all recorded victims of sexual offences knew the reported suspect. In Ireland, 1 in every 6 women over the age of 15 have experienced physical or sexual violence from a partner. Services supported by Safe Ireland answer a reported 50,000 helpline calls each year, and provide direct support to 11,000 women and 3,500 children.

A Council of Europe report provides that there should be one place per 10,000 population for victims of DSGBV. Based on preliminary Census estimates of a population of 5,123,536, this would equate to 512 places. However we are falling far short of this target. The Programme for Government referred to an "epidemic" of domestic abuse. But as like any epidemic, adequate resources are needed to combat it. Government must meet their commitments under the Istanbul Convention and provide a further refuge spaces for victims of DSGBV. **This would cost €181.5 million in Budget 2024.** In addition, further service-level supports are needed for those experiencing domestic abuse who do not require residential spaces. **This would require a current allocation of €33m** for service provision, training and legal supports.

Inflation, Living Wages & Child Poverty



On this page, we focus on three key groups in Irish society that deserve particular support in Budget 2024. They are: those who have been most exposed to recent price rises, those working but on the lowest hourly earnings, and children living in households below the poverty line.

Inflation and those on the Lowest Incomes

The recent rapid increase in prices has posed particular challenges for low-income households throughout Ireland. New data from the CSO has provided a welcome estimate of the experience of these price increases across the income distribution. Using detailed expenditure data from both the Household Budget Survey and the Consumer Price Index, the CSO show that the impact of inflation is greatest for those households in the bottom twenty percent (bottom quintile) of the income distribution.

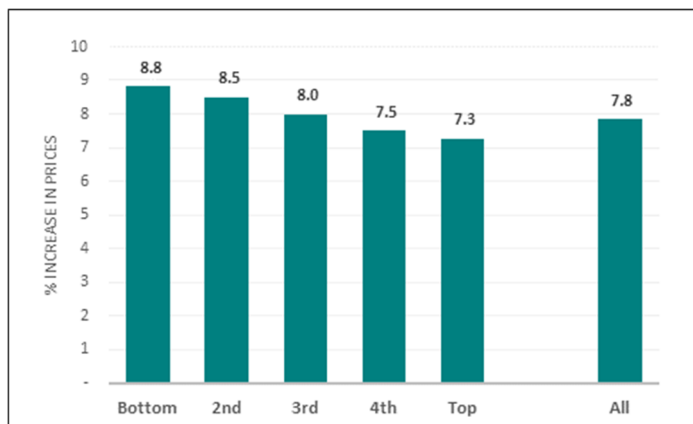
We present their results for the period from January 2022 to March 2023 – see Chart 17.1.

While the study finds that all households are experiencing significant price increases (7.8 per cent over the period), the effect of this inflation impacts the living standards of those on the lowest incomes the hardest.

Given that these lower income households spend a greater proportion of their income, compared to better off households, they have been more exposed to price increases; and they also spend a greater proportion of their income on areas that experienced significant price increases such as food and energy. As inflation persists, policy will need to more impactfully target these low income households and assist with the growing living cost challenges they face.

Elsewhere, CSO SILC data highlights the concentration of individuals who are unemployed, long-term ill or disabled, living alone, and single parents in the bottom two deciles (quintile) of the income distribution. Targeted measures to support these welfare dependent households needs to be an essential part of the evolving policy response to the ongoing experience of inflation and should form a core part of the policy measures adopted as part of, Budget 2024.

Chart 17.1: Composition of Inflation Across the Income Distribution, Jan 2022-March 2023 (income quintiles)



Source: CSO Estimated Inflation by Household Characteristics, March 2023

Paying a Living Wage

Over the past decade *Social Justice Ireland* and a number of other organisations have come together to form a technical group which researched and developed a Living Wage for Ireland. In July 2014 the group launched a website (www.livingwage.ie) and a technical paper outlining how the concept is calculated. The latest update to the figure was published in October 2022 and reported a Living Wage rate of €13.85 per hour for 2022/23.

Over the past year the Government have proposed an alternative Living Wage, calculated as a proportion of average hourly earnings. We welcome this proposal, which sets the threshold at 60 per cent of median hourly earnings; for 2022 this figure is €13.10. While this is below the living costs based estimate, it is a welcome step forward. The new hourly payment will be phased in between now and 2026.

Social Justice Ireland believes that the Living Wage has an important role to play in addressing the persistent income inequality and poverty levels in our society. Budget 2024 should endorse this initiative and underscore Governments commitment to introducing it including in all public sector supplier contracts.

Investing to Address Child Poverty

Children are one of the most vulnerable groups in any society. Consequently, the issue of child poverty deserves particular attention. The current surplus of resources available to the Government represents a major opportunity to once and for all address this persistent and damaging problem.

Child poverty is measured as the proportion of all children aged 17 years or younger that live in households with an income below the 60 per cent of median income poverty line. The 2022 *SILC* survey indicates that 15.2 per cent of this group were at risk of poverty- approximately 190,000 children. Over recent years there has been a welcome reduction in this number, falling from 22.9 per cent in 2008 and 18.4 per cent in 2018. Recent decreases have been driven by targeted welfare payments for families.

However, the long-standing scale of this statistic is alarming. Furthermore, the fact that such a large proportion of our children are living below the poverty line has obvious implications for the education system, for the success of these children within it, for their employment prospects in the future, and for Ireland’s social and economic performance in the long-term.

Child benefit remains a key route to tackling child poverty and is of particular value to those families on the lowest incomes. Similarly, it is a very effective component in any strategy to improve equality and childcare. Judged over time, there are significant benefits to society from a targeted anti child poverty programme, delivering major benefits to families in poverty, or at risk of being in poverty, but also delivering substantial long term benefits to the State. Budget 2024 should embrace this approach and commit to investing more to address, reduce and prevent child poverty in Irish society.

Summary of Key Policy Goals and Investment Packages



Windfall - €5 billion:

- Infrastructure investment in Sláintecare—€600m
- Increase social housing construction—€1.4bn
- Invest in off-shore wind energy infrastructure—€1bn
- ODA, Climate Finance and Loss and Damage—€1bn
- World Hunger Fund—€1bn

Housing - €170.3m, including:

- End the *Help to Buy Scheme*, and invest in *Housing First* and homelessness prevention - €200m
- Convert the Rent Tax Credit to a Grant - €79m
- Introduce taxes on empty homes and underdeveloped land - €100m
- Equity Scheme for Long-Term Mortgage Arrears— €100m
- Increase spending on private rent inspections and increase tenant protections—€13m
- Invest in services and infrastructure to support social housing—€100m
- Restore the Non Principal Private Residence Tax—€106m
- Increase stamp duty on non-residential property - €59m
- Increase stamp duty on residential property transfers (in excess of €1m) to 5% - €64m

Just Transition - €339.6m, including:

- Introduce aviation tax on commercial flights—€215m
- Ensure adequate funding is provided for a Just Transition—€166m
- Invest 0.1% GNI* to climate research—€283.6
- Introduce a Windfall Tax on energy suppliers / oil companies—€100m
- Aggregate levy of €2.50 per tonne - €75m
- Adequate funding for renewable energy programmes and Community Advisors - €100m

Rural, Regional and Community - €667.9m, including:

- Allocate funding to Regional Development and Transition - €100m
- Extra funding for Enterprise Ireland with a rural focus - €25m
- Extra funding for Failte Ireland - €25m
- Continued roll-out of rural broadband and remote hubs - €200m
- Increase funding for rural transport - €60m
- Adequately resource the Community Services Programme - €6.2m
- Increase funding for the Community and Voluntary sector—€50m
- Increase funding for PPNs - €3m
- Support for Integration Officer in Local Authorities—€2m
- Increase funding for Community Sports—€2m
- Fund CSO 'Forecasting for Change'—€0.5m

Social Welfare—€1,248.5m, including:

- Increase core social welfare rates by €25 per week—€1,047.5m
- Extend the Fuel Allowance to recipients of the Working Family Payment—€44.5m
- Equalise Jobseekers' rates for under-25s—€63m
- Reinstate the Bereavement Grant—€31m

Pensions and Older People - €1,143.7m, including:

- Implement Universal State Social Welfare Pension - €1,481m
- Invest in social care, including Home Care Packages - €96.4m
- Restore cuts to Housing Aid for Older People and People with Disabilities - €85m
- Additional funding for nursing homes - €27.3m
- Increase funding to community supports—€50m

Health, Disability and Carers - €942.3m, including:

- Further investment in Enhanced Community Care —€100m
- Invest in providing Universal Access to GP and Community Health Networks—€100m
- Invest €50m in Community Nursing Facilities and rehabilitation beds.
- Implement the *Sharing the Vision* mental health strategy - €35m
- Introduce a Cost of Disability Payment - €228m
- Increase investment in disability services, including respite and PA services - €40m
- Increase Domiciliary Care Allowance - €14.3m
- Expand Free Travel Scheme to DCA recipients - €6.1m
- Increase the Carer's Support Grant - €20.9m

Education - €402.4m, including:

- Invest in higher education—€140m
- Invest in further education and increase apprenticeships—€40m
- Increase the Maintenance Grant for full-time students at third level—€61m
- Fund apprenticeship programmes focused on Travellers—€2m
- Increase employers' contribution through the National Training Fund Levy—€74m
- Increase funding for training and skills development—€74m
- Restore the Back to School Clothing and Footwear Allowance - €18m
- Increase capitation grants by 5% at primary and secondary level - €10.4m
- Increase support for DEIS schools—€15m
- Reduce the Pupil-Teacher Ratio at primary level—€20.5m
- Commence full implementation of EPSEN Act—€100m

Children and Families—€1,147.7m, including:

- Increase Child Benefit by €50 per month—€740m
- Move investment in ECCE towards OECD average - €283.6m
- Core funding for childcare workers (non-contact time) - €30m
- Increased funding to Tusla for child protection and social provision for children- €46.7m
- Begin implementation of the EU Child Guarantee Strategy—€3.5m
- Increase refuge spaces and supports for victims of Domestic, Sexual and Gender-based Violence—€181.5m

International Protection—€571m, including:

- Begin implementation of the White Paper recommendations on accommodation—€500m (capital cost)
- Invest in vulnerability assessments—€2m
- Invest in skills assessment, harmonisation and integration—€1m
- Increase payments to people in Direct Provision—€51m

Other taxation and revenue-raising - €2,191m, including:

- Minimum Effective Rate of Corporation Tax at 6% - €1,000m
- Increase both CGT and CAT from 33% to 35% - €176m
- Increase the in-shop and online betting tax to 3% - €50m
- Reverse the VAT reduction for the hospitality sector—€375m
- Reform the R&D tax credit system—€150m
- Introduce a Financial Transactions Tax—€350m

Effect of Social Justice Ireland proposals:

- Tax Increases—€4,910.2m
- Tax Reductions—€1,050.8m
- Impact of 'normal' Budget measures: +€416.3m

The Social and Economic position framing Budget 2024

Table 19.1 brings together a range of relevant data and indicators which reflect various aspects of Ireland's social and economic situation. These data frame the context of Budget 2024.

Windfall tax receipts, particularly in corporation tax, are set to contribute to an estimated General Government Surplus of €10bn in 2023, increasing to a possible €70bn in the coming years. Full employment, while welcome, also presents challenges when it comes to addressing the many deficits in infrastruc-

ture and service provision facing Ireland today.

Inward migration, while providing some 614,500 workers to the economy, places additional strains on existing infrastructure and services and must be properly forecasted in the years to come.

Notwithstanding the large surplus, Ireland's low tax-take as a proportion of national income is still below the EU average and must be increased on a per capita basis to ensure the sustainability of future Budgets.

Table 19.1: Ireland's Social and Economic Position ahead of Budget 2024

Estimated General Government Surplus (SPU 2023)	€10 billion	Minimum Wage (per hour / 39 hr week)	€11.30 / €440.70
Projected Cumulative Government Surplus to 2025 (SPU 2023)	€65 billion	Living Wage (per hour / 39 hr week)	€13.85 / €540.15
Gross Govt Debt, % of GDP / GNI*, 2022, original forecasts from Department of Finance	45% / 86%	Living Wage (2023 estimate) proposed by Government (per hour / 39 hr week)	€13.10 / €510.90
Gross Govt Debt, % of GDP / GNI*, 2023, projection by ESRI	42.2% / 78.3%	Minimum Social Welfare Payment (1 adult)	€220 per week
Gross Govt Debt, % of GDP / GNI*, 2024, projection by ESRI	38% / 71.9%	Minimum Essential Standard of Living amount for working-age adult living alone (urban/rural)	€276.12 / €327.10 per week
Inflation rate March 2023 total population / bottom decile / top decile (CSO 2023)	7.7% / 8.1% / 7.6%	Poverty line for 1 Adult (week / year) in 2023	€318.53 / €16,621
General Government Balance 2022/2023/2024 (€ million) (Department of Finance)	8,035 / 10,010 / 16,215	Poverty line for 2 Adults (week / year) in 2023	€528.75 / €27,590
General Government Debt 2022/2023/2024 (€ billion) (Department of Finance)	224.8 / 223.5 / 224.4	Poverty line for 1 Adult + 1 Child (week / year)	€423.64 / €22,106
Unemployment (May 2023)	103,300 / 3.8%	Poverty line, 2 Adults + 2 Children (week / year)	€738.98 / €38,560
Unemployment rate ages 15-24 / 25-74 (May 2023)	6.9% / 3.3%	Population living in poverty (% / numbers) 2022	13.1% / 671, 183
Potential Growth Rate of Irish economy 2021-2025	5.9%	Children living in poverty (% / numbers) 2022	15.1% / 188,602
GDP / GNI* 2023 (to nearest €25m)	551,850m / 283,675m	People in employment living in poverty (% / numbers) 2022	5.8% / 133,565
Effective Tax Rate for single person earning €25,000	15.1 / 11.3 (2014/23)	% of population experiencing deprivation (2+ basic items) (2007/2019/2022)	11.8% / 17.8% / 17.7%
Effective Tax Rate for single person earning €60,000	33.9 / 28.0 (2014/23)	Number in need of long-term sustainable homes	c.157,000 households
Effective Tax Rate for single person earning €100,000	41.1 / 37.2 (2014/23)	Homeless adults in Ireland (April 2023)	8,665
Effective Tax Rate for 2-earner couple earning €25,000	2.5 / 0.6 (2014/23)	Homeless children in Ireland (April 2023)	3,594
Effective Tax Rate for 2-earner couple earning €60,000	17.7 / 13.9 (2014/23)	Population of Ireland (Census 2022)	5,149,139
Effective Tax Rate for 2-earner couple earning €100,000	30.2 / 23.9 (2014/23)	Net migration (year to Apr 2022)	61,100
Corporation Tax rate	12.5%	Net migration Irish Nationals (year to Apr 2022)	+1,300
Capital Gains Tax rate	33%	% of population 65+ in 2016 / 2022	13.3% / 15.1%
VAT rates—Standard / Reduced / Agricultural	23% / 13.5% / 4.8%	Old Age Dependency Ratio 2016 / 2022	52.7 / 53.2

Sources: Department of Finance *Stability Programme Update April 2023*, Revenue Commissioners, various Parliamentary Budget Office publications, ESRI's Quarterly Economic Commentary, Spring 2023, CSO *Labour Force Survey*, CSO *Population and Migration Estimates*, CSO *SILC*, CSO *Census 2022*, CSO *Population and Labour Force Projections (assumption M2F1)*, SVPs MESL data, *Summary of Social Housing Assessments 2022*, and Social Justice Ireland's *Budget 2023 Analysis & Critique* and *Poverty Focus 2022*. **Note:** numbers for future years are projections.

Social Dialogue process required for progress on key challenges

A robust social dialogue process is urgently required to deal with the many multi-faceted and integrated challenges that Ireland faces. These challenges will not be resolved overnight, but real progress can be made through a social dialogue process where current and future challenges can be addressed in a positive manner, and where all stakeholders are included in the decision-making process through a structure where reasoned and evidence-based debate forms the basis for decisions about the most appropriate allocation of limited resources, ensuring that they are targeted at those most in need.

Government, trade unions and employers, the community and voluntary pillar, as well as farmers and the environmental pillar must all be a part of this process. It should begin developing a new social contract which would commit the state and social partners to improving economic management with a view to enhancing the standard of living, quality of life and wellbeing of all the Republic's residents.

The cost-of-living crisis, the housing crisis and the energy crisis are just three of the challenges facing Government, albeit the ones having the most immediate and dramatic impact on peoples everyday lives. There are other huge challenges that Ireland faces in areas such as low pay, healthcare, childcare, public transport and how to deliver vital services to everyone including those fleeing war and how to meet our climate targets whilst protecting those most impacted.

In discussing inflationary pressures, public services and related social welfare and budget issues in the Labour Employer Economic Forum, Government is excluding key stakeholders including, farmers, the

community and voluntary pillar and the environmental pillar, who represent many service providers and many of those households most impacted, by this discussion. While employers and trade unions have much to contribute to tackling poverty and social exclusion, investment in social infrastructure and meeting climate targets, this should not be used to justify the exclusion of those who work on these issues as their primary concern.

If Government is serious about our long-term wellbeing, about securing our public finances in a changed world, decarbonising the economy, transforming our energy sector and preparing for digital and technological transformation, then it needs a structure that would engage all sectors at a national level. Government's own commitments on climate require far-reaching changes from all sectors if we are to meet the 2030 targets. These changes will impact on everyone. When groups have been involved in shaping decisions, they are far more likely to take responsibility for implementing these decisions, difficult as they may be.

Government put a new social contract and a focus on the wellbeing of Irish people at the heart of the Programme for Government. If it is to deliver on this, then a new social dialogue is required to come to a consensus on the standard of living that people want and agree on, and, how this is to be delivered and financed. Budget 2024 can begin this process, by investing excess windfall profits in areas where we have infrastructure deficits, and by ensuring everyone in society has a minimum social floor below which they do not fall and by putting key community values before unbridled profit.

Recent Publications and Research from Social Justice Ireland

[Social Justice Matters: 2023 guide to a Fairer Ireland](#)

[Measuring Progress: Sustainable Progress Index 2023](#)

[Tracking the Distributive Effect of Budgets - 2023 Edition](#)

[Social Welfare Rates - Budget 2024](#)

[Migrations in our Common Home: Forecasting for Change](#)

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

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

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

Phone: 01 290 3597

Email: secretary@socialjustice.ie

CHY number 19486

Registered Charity Number: 20076481

www.socialjustice.ie