



Social Justice Ireland

National Social Monitor

An End to Child Poverty?



Contents

Introduction 3

Housing 4

Health..... 6

Education and Skills 8

Rural Development 10

Work..... 12

Governance and Participation 14

Income Distribution 16

Taxation..... 18

Environment and Sustainability 20

Global Issues 22

Other Publications by Social Justice Ireland (see www.socialjustice.ie): 25

Introduction

In his speech last December, incoming Taoiseach Leo Varadkar TD committed to the establishment of a Child Poverty Unit within the Department of An Taoiseach with the aim "to make Ireland the best country in Europe to be a child". While this is a very welcome development, and one we look forward to being implemented, it is a development that needs to be underpinned by real strategic action. The establishment of a Child Poverty and Well-being Programme Office in the Department of the Taoiseach was a key step towards this goal. However, child poverty does not exist in a vacuum. Children live in families, households, and societies. They are impacted by the physical environment in which they live.

Social Justice Ireland believes that it should be a national priority to provide all with sufficient income to live life with dignity. This would require enough income to provide a minimum floor of social and economic resources in such a way as to ensure that no person in Ireland falls below the threshold of social provision necessary to enable him or her to participate in activities that are considered the norm for society generally.

We are particularly concerned about reports that Budget 2024 may contain another series of temporary and once-off measures. This approach carries the same weaknesses as it did last year. One-off measures are welcome when they come but they are gone when they are gone. Income adequacy cannot be resolved through one-off measures. There is a marked contrast between the permanent nature of tax reductions and the transient nature of one-off welfare supports. The benefits for the better-off persist while the benefits for the most vulnerable peter out. This simply widens the rich/poor gap and leaves the most vulnerable worse off than they were before.

At the National Economic Dialogue held in Dublin Castle in June 2023, both the Taoiseach and the Minister for Finance acknowledged that, even though it hadn't been the Government's intention, there were vulnerable populations who slipped further behind during the past year, and this would have to be rectified. Continuing with policies that push vulnerable people further into poverty is unacceptable.

This edition of *Social Justice Ireland's* National Social Monitor does not attempt to cover all the possibilities and challenges posed by ending Child Poverty. This paper is offered as a contribution to the ongoing public debate, specifically on the following issues:

- Housing
- Health
- Education and Skills
- Rural Development
- Work
- Governance and Participation
- Income Distribution
- Taxation
- Environment and Sustainability
- Global Issues

Housing

Table 1.1: At risk of poverty rate (%) for different categories of renter, before and after rent payments, 2022

Household Composition / Age	At Risk of Poverty Rate	At Risk of Poverty Rate after Rent and Mortgage Interest
All	13.1	21.9
1 adult aged 65+	33.6	39.9
1 adult aged <65	32.0	43.0
2 adults, 1 at least aged 65+	14.4	15.9
2 adults, both aged 65+	6.1	13.3
3 or more adults	4.7	8.1
1 adult with children aged under 18	23.8	58.9
2 adults with 1-3 children aged under 18	13.1	23.0
Other households with children under 18	9.2	18.4
0-17	15.2	27.7
18-34	7.8	15.8
35-49	10.7	23.2
50-64	14.6	19.2
65+	19.0	22.0

Source: Department of Housing, Local Government and Heritage, Housing Statistics, Other Local Authority Housing Scheme Statistics, Housing adaptation grants, various years

Note: *Such as Housing Assistance Payment (HAP), Rental Accommodation Scheme (RAS), Rent Supplement

Table 1.2: Families Accessing Emergency Accommodation week 19-25 June 2023

Region	Total Families	(of which single parent families)	Total Adults	Total Child Dependents
Dublin	1,313	711	2,232	2,841
Mid-East	89	51	143	159
Midlands	34	18	51	64
Mid-West	89	63	121	146
North-East	35	18	56	69
North-West	13	10	16	29
South-East	37	28	46	58
South-West	97	60	147	196
West	97	54	143	203
Total	1,804	1,013 (56%)	2,955	3,765

Source: Department of Housing, Local Government and Heritage

Housing

Precurity

Data for 2022 showed the at risk of poverty rate for families with one adult with children under 18 was 23.8 per cent before paying rent or mortgage interest, more than 10 percentage points above the national rate. This more than doubles to 58.9 per cent once rent or mortgage interest is accounted for and is the highest poverty rate post-rent or mortgage interest payment of all household composition types. When considered by age group, children aged 0-17 had a poverty rate of 15.2 per cent (second highest across age groups), increasing to 27.7 per cent (highest) after rent or mortgage interest (Table 1.1). The high cost of accommodation, particularly in the rental sector, which leads to almost 3 in 5 one parent households living in poverty is not sustainable.

The removal of temporary eviction bans implemented during COVID-19 (2020) and the cost-of-living crisis (2022-2023) have been linked to increased numbers of people accessing emergency accommodation.¹ Security of tenure allows people to plan for the future without concern about where they will be living. This enables parents to plan where children will go to school, how they will access childcare and to organise family life around their home. Increased protections and assistance for renters and for those facing mortgage arrears should be introduced to address housing insecurity.

Homelessness

According to figures for June 2023, there were 12,600 people accessing emergency accommodation in Ireland, of which 3,765 were children (Table 1.2).² The highest number

on record. These figures do not include those in Direct Provision centres, domestic refuges or those accommodated by family or friends in spare rooms and couches across the country.

Family Hubs were introduced in 2017 as an alternative to hotels and B&Bs. Concerns were raised at the time by the Irish Human Rights and Equality Commission but were ignored. A report published in April 2019 by the Ombudsman for Children's Office shows just how prescient IHREC's warnings were, as children as young as 10 describe their living conditions as being "like a prison".³ Institutionalising families in accommodation without independent cooking facilities, adequate room to crawl, walk or play, or without the opportunities for social development is inexcusable in a wealthy country such as Ireland. We must do better.

Policy Priorities

- Set a target that 20 per cent of all housing stock be social housing by 2030, starting with an increase of €1.4bn in capital expenditure in Budget 2024.
- Expand the remit of Housing First in Budget 2024 to homeless families accessing emergency accommodation.
- Introduce 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.
- End family hubs and providing suitable long-term alternatives for families experiencing homelessness.

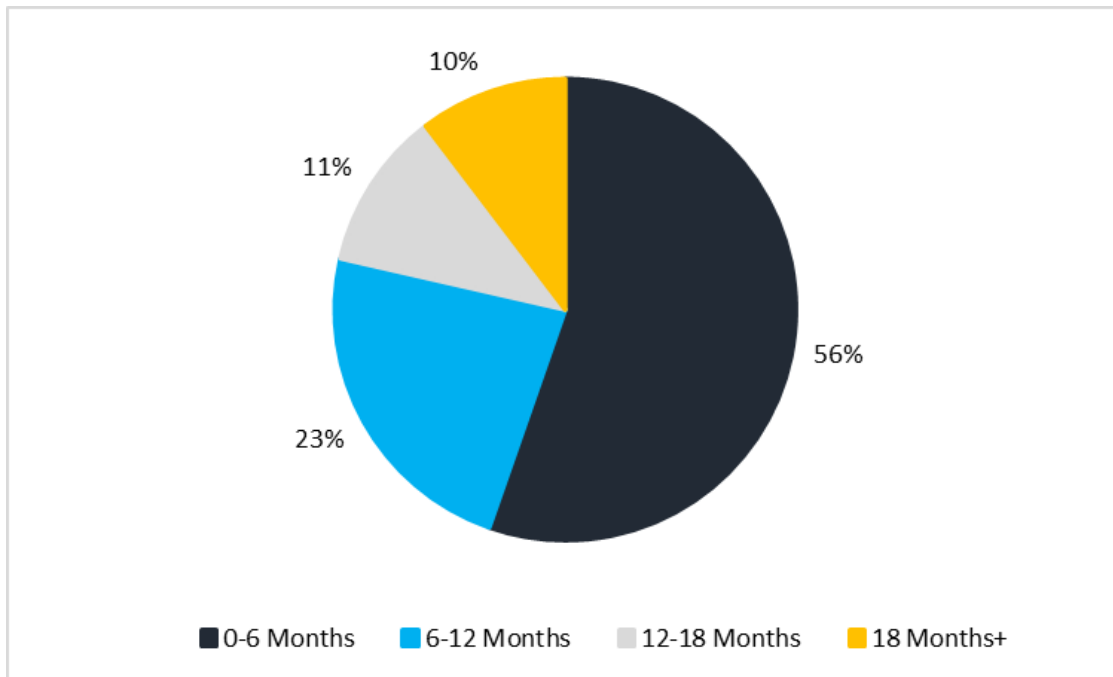
¹ https://www.childrensrights.ie/sites/default/files/submissions_reports/files/Child%20Poverty%20Monitor%202023.pdf

² Department of Housing, 2023

³ Ombudsman for Children's Office. (2019). No Place Like Home. Dublin: Ombudsman for Children's Office.

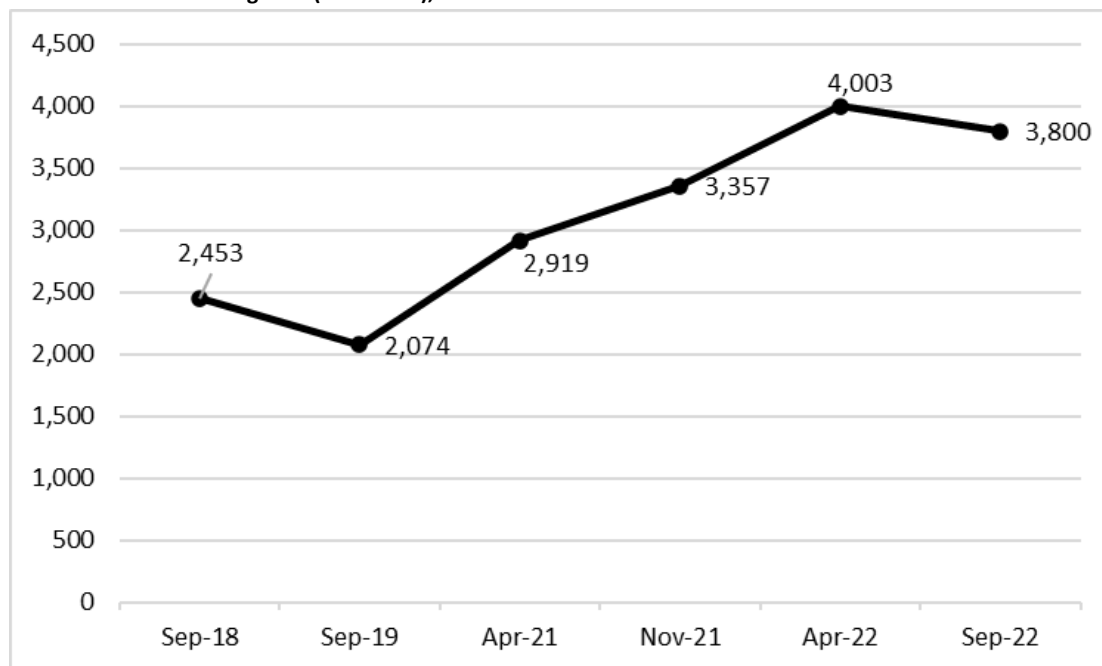
Health

Chart 2.1: Outpatient Waiting Lists, Child, July 2023



Source: www.ntpf.ie

Chart 2.2: Number on Waiting Lists (all 9 CHOs), CAMHS 2018-2022



Source: Mental Health Commission (2023): Independent Review of the provision of Child and Adolescent Mental Health Services (CAMHS) in the State by the Inspector of Mental Health Services, p.16.

Health

A recent Report from the United Nations Committee on the Rights of the Child⁴ commended Ireland on the introduction of selected policies concerning children. However, the Committee voiced serious concerns about children's access to healthcare in Ireland and about children's mental health services in particular.

Access to Healthcare

Budget 2023 extended the provision of free GP care to children under 8. This was a welcome initiative, however, more needs to be done to ensure that adequate numbers of GPs are available to meet demand, particularly in rural areas.

In July 2023, 85,622 children were waiting for outpatient care.⁵ Of these, more than 1 in 5 were waiting for 12 months or more, and more than 1 in 10 were waiting 18 months+ (Chart 2.1).

Child and Adult Mental Health

The establishment of a specialist Child and Adolescent Mental Health Service (CAMHS) was committed to in a national policy from 2006 and while, ostensibly, this is now in place, there have been service deficits, delays and problems with staffing, funding and implementation in this area for many years. An Independent Review of the provision of Child and Adolescent Mental Health Services (CAMHS) in the State, published by the Mental Health Commission⁶ highlighted that children and young people with open cases in mental health services have been "lost" in follow-up

care. In one Community Healthcare Organisation it was found that there were 140 "lost" cases within the CAMHS team. In some of these cases, there was no appointment for up to two years. The report also indicated poor monitoring of medication, long waiting lists and poor staff conditions. As of September 2022, according to the report, 3,800 children and adolescents were awaiting service provision (Chart 2.2).

Disability Assessments

Another area of concern relates to delays in assessments of need for children with disabilities. The Ombudsman for Children's Office highlighted the adverse effects that delays in obtaining assessments and corresponding services are having on children's health and development. It reports that in June 2022, some 2,531 assessments were outstanding, while over 17,000 children in Ireland were awaiting a first contact from a Child Disability Network Team (CDNT) at the end of May 2022.⁷

Policy Priorities

- Invest in the full implementation of Sláintecare and increased primary care.
- Invest in the provision of increased GP services to support the commitment to free GP care for children under 8 announced in Budget 2023.
- Increase resources for assessments of children with disabilities.
- Increase funding for CAMHS.

⁴ <https://www.ohchr.org/en/press-releases/2023/02/un-child-rights-committee-publishes-findings-azerbaijan-bolivia-ireland>

⁵ www.ntpf.ie

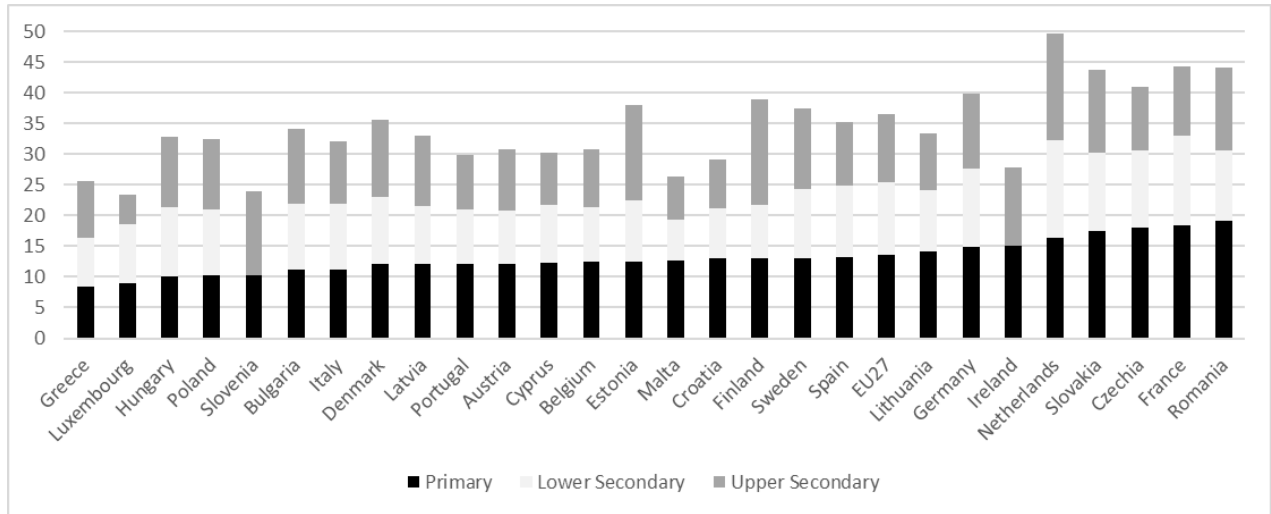
⁶ Mental Health Commission (2023): Independent Review of the provision of Child and Adolescent Mental Health Services

(CAMHS) in the State by the Inspector of Mental Health Services.

⁷ <https://www.oco.ie/library/plan-for-places-forward-planning-for-the-provision-of-schools-places-for-children-with-special-educational-needs-a-childrens-rights-issue/>

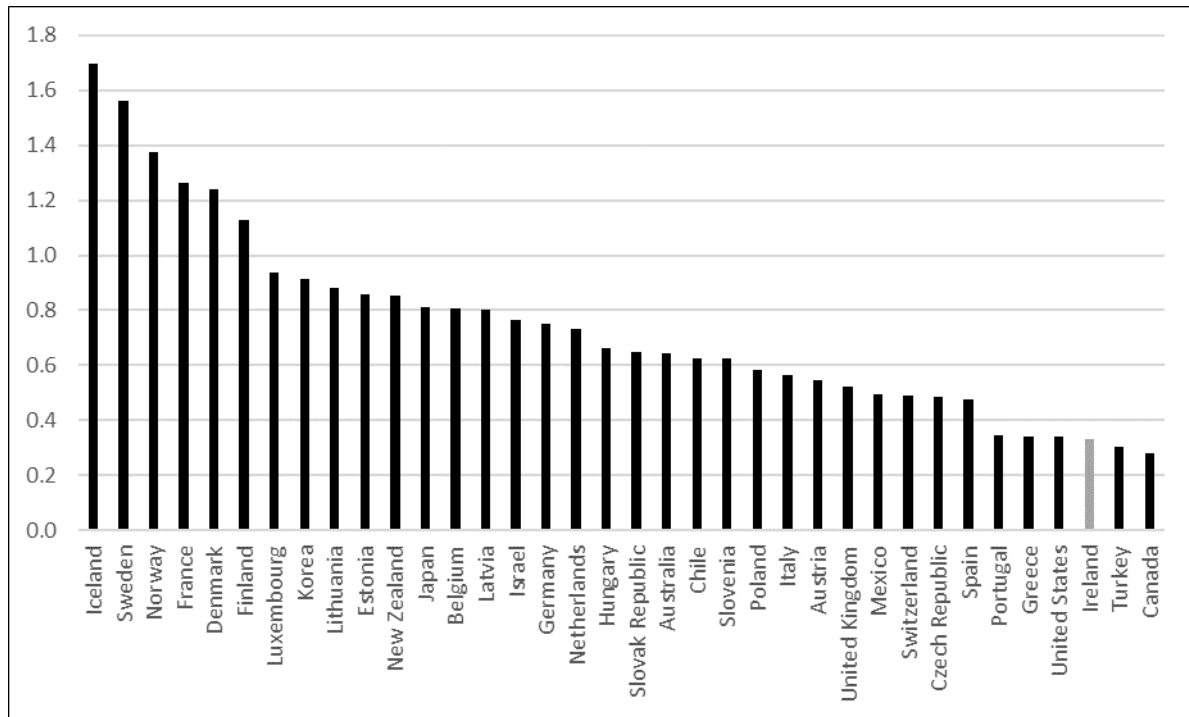
Education and Skills

Chart 3.1: Ratio of students to teachers, 2020, Primary, Lower and Upper Secondary



Source: CSO, Measuring Ireland's Progress 2021, Table 4.3: By country: Ratio of students to teachers, 2020.

Chart 3.2: Public expenditure on early childhood education and care, as a % of GDP, 2019



Source: OECD (2023), Social Justice Ireland Socio-economic Review: a 2023 guide to a fairer Irish society.

Education and Skills

Access to appropriate education and skills development from early years to adulthood is one of the key public services that enables participation in society, public life and the labour market.

Educational Disadvantage

The gap between the performance of students in disadvantaged areas and their peers is evident in results on education and cognitive development. The Growing up in Ireland survey found significant differences in reading test scores by socio-economic background and that this socio-economic gap in reading test scores widened in primary school, with children from disadvantaged backgrounds who were early high performers being outperformed by children from more advantaged backgrounds by 9 years of age.⁸

Previous Action Plans for Education focused on the need to address the disparity between DEIS bands by increasing literacy and numeracy levels in DEIS Band 1 schools with a target improvement rate of between 27 and 42 per cent by 2020. The final evaluation of the Action Plan for Education is not available, but this target did not demonstrate sufficient ambition to really effect change. A Consultation is currently underway on a new literacy and numeracy strategy for young people. It is important that ambitious targets, with a particular focus on DEIS schools are included.

Ireland currently has a pupil teacher ratio at primary level of 15.0 (the EU average is 13.6) (Chart 3.1) and an average class size of 25 (the EU average is 20). The policy focus must be on keeping average class sizes low, reducing the

pupil teacher ratio further and ensuring all DEIS Band 1 and 2 schools have sufficient resources to implement strategies to improve literacy and numeracy outcomes for pupils.

Early Childhood Care

One of the key challenges identified towards the provision of universal early childcare in Ireland is the market driven approach to provision at present. As shown in Chart 3.2, public expenditure on early childcare in Ireland compared to other OECD countries was very low. High staff turnover and poor pay and conditions are also a feature of the sector. A review of Early Years Education published by the Department of Education and Skills⁹ found that while almost all services provide warm and welcoming environments and strong evidence of positive relations was found between the staff, the children and their families, there remained many challenges including the need to improve working conditions for staff in the sector.

Policy Priorities

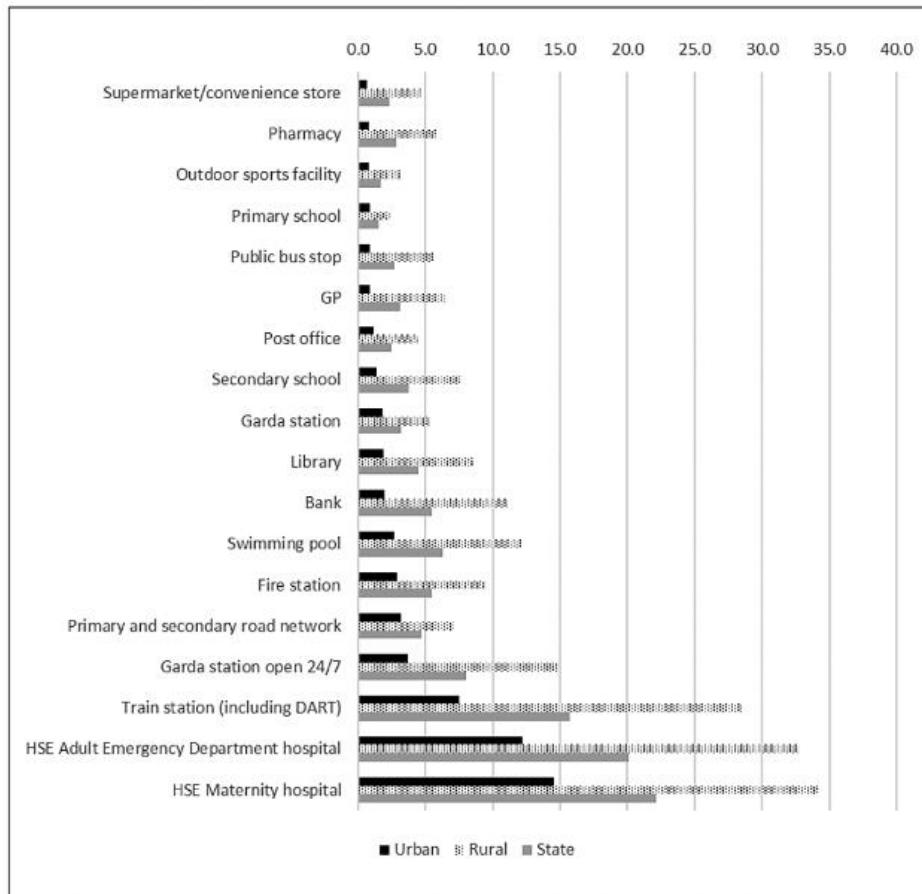
- Commit to reducing class sizes and pupil teacher ratios at primary and post primary level by 1 point per annum to 2030.
- Make the improvement of educational outcomes for pupils from disadvantaged backgrounds and disadvantaged communities a policy priority.
- Commit to increasing investment in Early Childhood Care and Education by 0.1 per cent of GNI* annually, starting in Budget 2024.

⁸ Government of Ireland (2021) Growing up in Ireland: The lives of nine years olds of Cohort '08. Report 10

⁹ Department of Education and Skills (2018) Ireland's National Skills Strategy 2025. Dublin: Stationery Office.

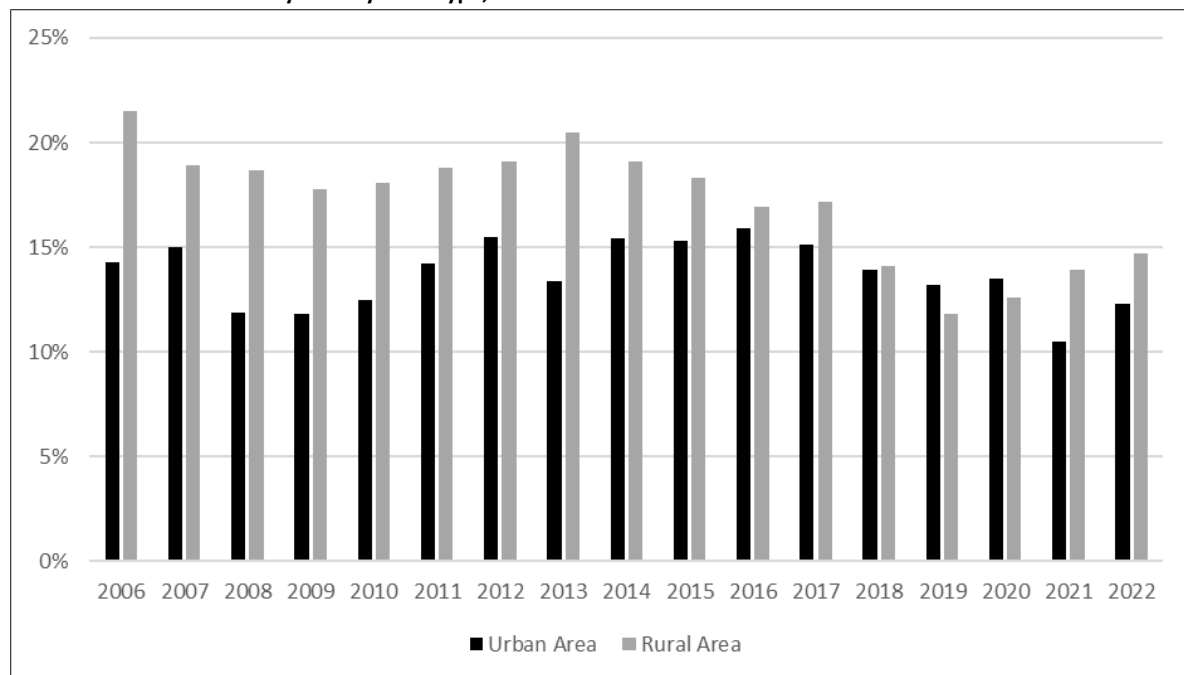
Rural Development

Chart 4.1: Average distance (km) of residential dwellings to everyday services, by State, urban and rural area



Source: CSO, PxStat 2023

Chart 4.2: At Risk of Poverty Rate by Area Type, 2004-2020



Source: CSO, PxStat 2023

Rural Development

Just over three in ten people in Ireland (31.4 per cent) live in a rural area, above the European average.¹⁰ Countryside areas and settlements of less than 1,500 people are characterised by a lower proportion of young adults, and a higher proportion of older people compared with areas with populations over 50,000. This combination of outmigration of young adults for Third Level education and/or work and an ageing population poses a significant challenge for the delivery of services and the sustainability of rural economies. Reports from the CSO show that the average distance to most everyday services for rural dwellings was at least three times longer than for urban dwellings. For supermarkets/convenience stores, GPs and pharmacies, the average travel distance was seven times longer for rural dwellings (Chart 4.1). Cost can also be a particular barrier to services, particularly for childcare. While these costs have seen some reduction through Government's National Childcare Scheme, it still negatively impacts family finances, with mothers exiting paid employment due to the absence of affordable childcare providers.¹¹ The provision of childcare spaces, and the ratio of staff to children in childcare must also receive attention and investment in the coming years to facilitate parents' participation in employment and education, particularly in rural areas.

Rural Poverty

Supporting rural households to ensure that they have sufficient incomes will be crucial to the future of rural Ireland. This requires both social and economic supports, and broader

skills and economic development strategies. Low-paid, part-time and seasonal work and long-term underemployment are significant factors in rural poverty and exclusion.

Looking at incomes on a county and regional level in 2020, the Midland region and the Border region had the lowest disposable income per person, with persons in the Border, West and Midlands regions consistently reporting a disposable income below the state average since 2004 (Chart 4.2).

The amount of money required to achieve the Minimum Essential Standard of Living (MESL) ranges from an estimated amount of €142 per week higher for rural couples with younger children (pre-school and primary age), to €197 per week for rural couples with children of primary and second-level school age, than for their urban counterparts according to the latest MESL figures from the Vincentian MESL Research Centre.¹² Higher costs in 2022 related to household energy, transport and fuel (as was the case in 2020 and 2021), however these costs increased significantly between 2021 and 2022.

Policy Priorities

- Invest in an integrated, accessible and flexible rural transport network.
- Ensure that development initiatives resource areas which are further from the major urban areas.
- Deliver public services according to the equivalence principle.
- Improve and expand public services in remote and rural areas.

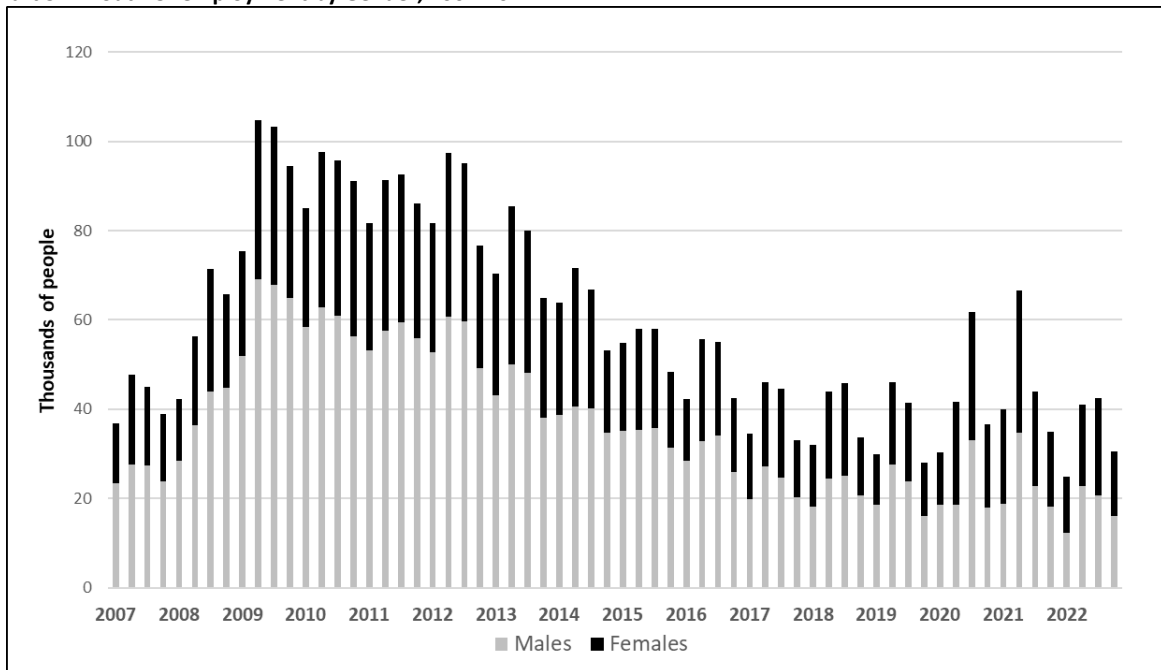
¹⁰ Central Statistics Office (2019) Urban and Rural Life in Ireland 2019. Dublin: Stationery Office

¹¹ ESRI (2023). 'Early Childhood Education and Care in Ireland and Northern Ireland.' Economic and Social Research Institute

¹² https://www.budgeting.ie/download/pdf/mesl_2023_annual_update.pdf

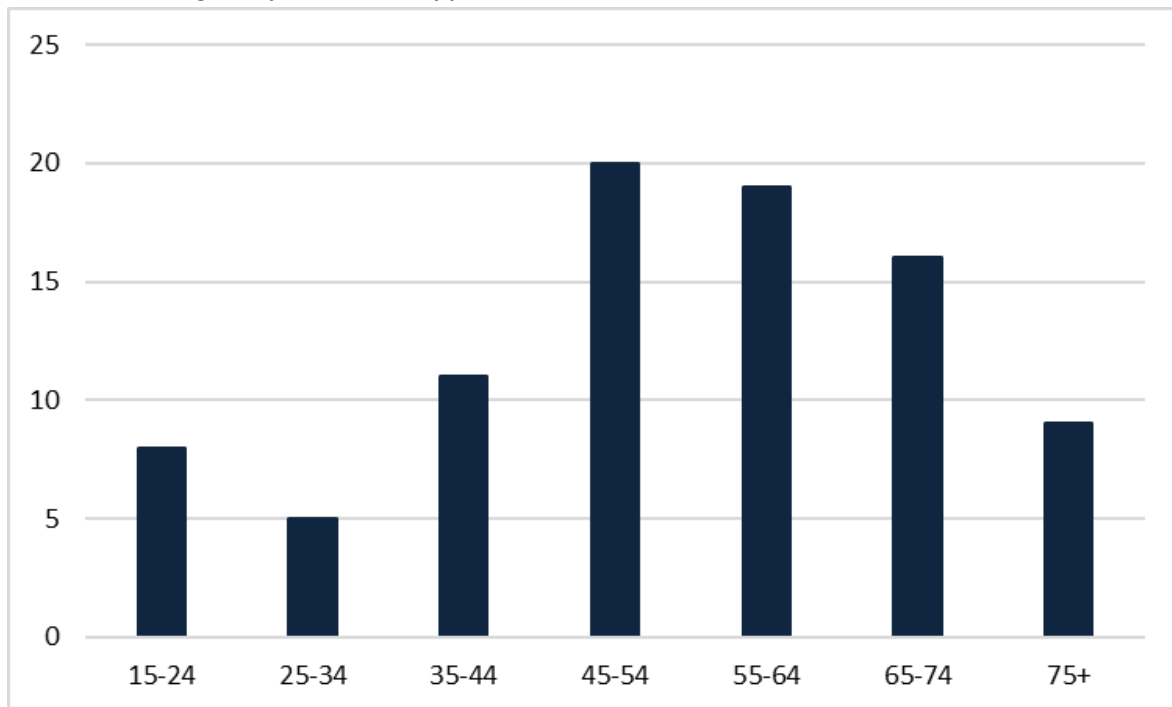
Work

Chart 5.1: Youth Unemployment by Gender, 2007-2022



Source: CSO, LFS on-line database.

Chart 5.2: Persons aged 15 years and over by provision of care at least once a week, 2019



Source: CSO, PxStat (2023)

Work

Minimum Wage

The National Minimum Wage (NMW) is €11.30 per hour for employees aged 20+. For employees aged 19, it is reduced to €10.17 p/h, for 18-year-old employees it is €9.04 p/h and for employees aged under 18, it is €7.91. The NMW is not set based on skills or work performance, but on the assumption that younger employees have reduced living costs. However, people under age 20 have many of the same outgoings such as telephone bills, transport, lunches and so on and, depending on circumstances, may be living away from the family home. This age-based discrimination should be eliminated with the NMW replaced by a real Living Wage.

Youth Unemployment

Youth unemployment remains a major labour market challenge. Chart 5.1 highlights the increase in the numbers unemployed aged 25 and under, as the 2008-2013 economic crisis unfolded. The numbers in this group more than doubled between 2007 and 2009, peaking at almost 105,000 in Q2 2009. Since then, decreases have occurred, reaching 39,000 in 2019 before climbing during the 2020 and 2021 COVID-19 lockdowns. By the end of 2022, 30,000 people under the age of 25 were unemployed – 16,000 males and 14,000 females, meaning that youth unemployment accounted for almost three in every ten unemployed people in Ireland.

By the end of 2022 30,000 people under the age of 25 were unemployed, with youth unemployment accounting for almost 3 in 10 unemployed people in Ireland. Experiences of unemployment, and in particular long-term

unemployment, alongside an inability to access any work, training or education, tends to leave a ‘scarring effect’ on young people. It increases the challenges associated with getting them active in the labour market at any stage in the future.

Young Carers

One in 12 young people aged 15-24 provide care, that is care being provided to someone with a chronic condition or an infirmity due to old age at least once a week¹³ (Chart 5.2). A report from March 2023 considered the experience of the ‘hidden’ population of young carers (defined as children under the age of 18 who provide regular and ongoing care and emotional support to a family member) and found that 80 per cent were at clinical risk of depression, 86 per cent feel stressed, 56 per cent feel like they cannot cope, 32 per cent struggled to balance school with caring, and 27 per cent did not feel that they had adequate time to spend on schoolwork.¹⁴ A lack of primary care support and supports for carers will have long-term effects on the child’s education, work prospects and social abilities.

Policy Priorities

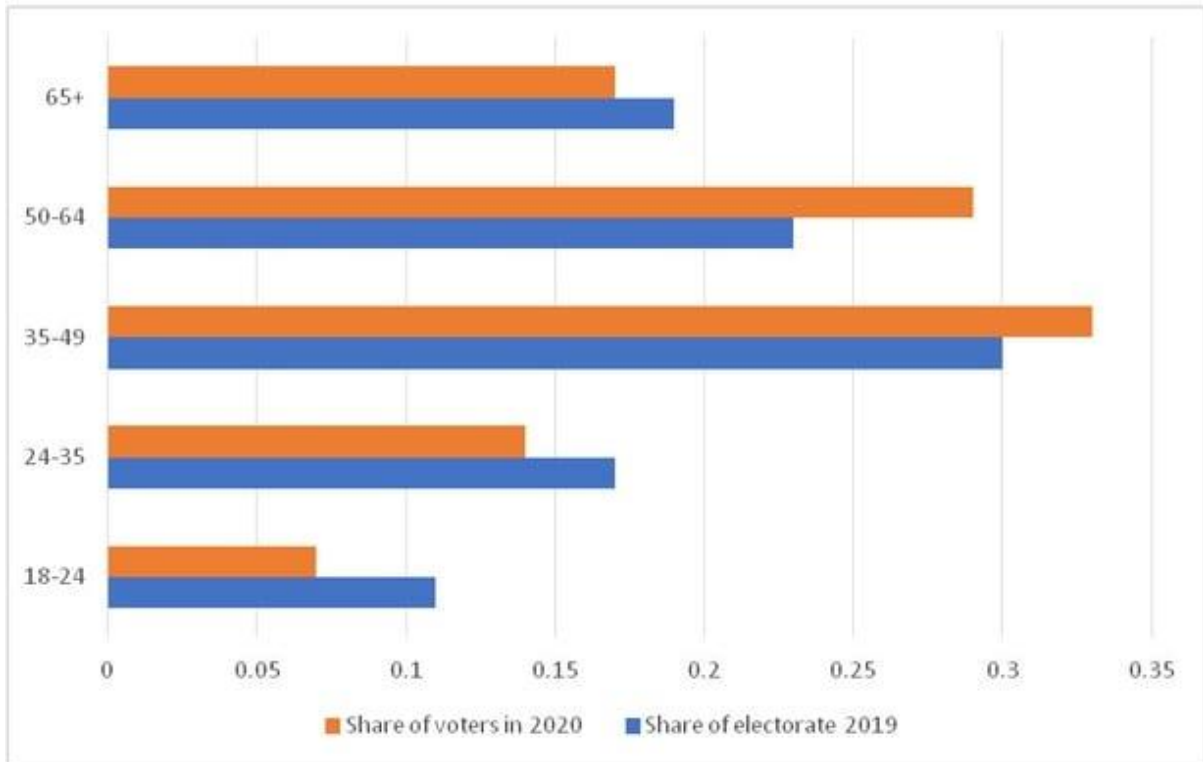
- Replace the NMW with the Living Wage. Remove the inherent age-based discrimination by basing the Living Wage on the real cost of living.
- Adopt policies to address youth unemployment.
- Give greater recognition to the work carried out by all carers and invest in supports for young carers so they can thrive academically and socially.

¹³ CSO (2020): Irish Health Survey 2019 – Carers & Social Supports. CSO: Cork.

¹⁴ <https://www.familycarers.ie/media/2947/sharing-the-caring-young-carers-experiences-and-access-to-supports-in-ireland.pdf>

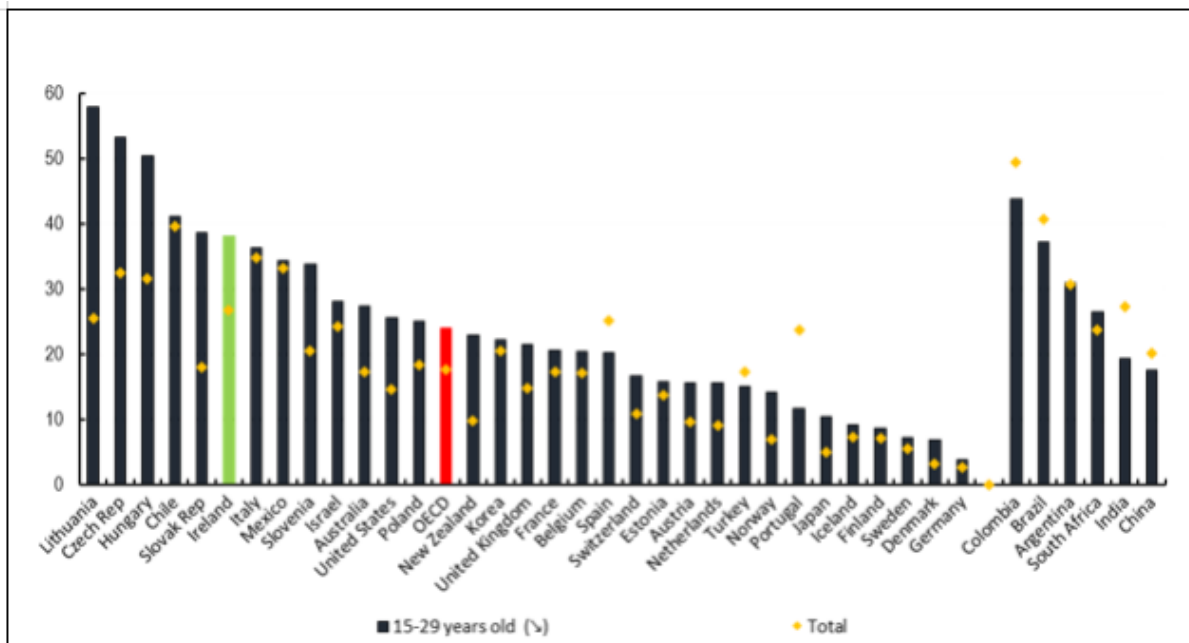
Governance and Participation

Chart 6.1: Share of Voters in GE2020 by Age Group



Source: Marsh, M (2020): Did Turnout Make a Difference This Time?, Irish Times, 10th February 2020

Chart 6.2: Proportion of people in OECD not at all interested in politics, young people and total



Source: OECD (2019): Society at a Glance, OECD: Paris

Governance and Participation

The OECD points to an overall decline in electoral participation in most OECD countries between the early 1990s and late 2010s. Voter participation in Ireland fell from 73.7 per cent in 1992 to 58 per cent in 2016¹⁵, lower than the OECD average of 65.2 per cent.

According to a RED C / National Youth Council of Ireland survey in 2014, some 70 per cent of people aged 18-25 were registered to vote – 57 per cent of people aged 18-21, and 81 per cent of those aged 22-25.¹⁶ While these data are nine years old, they do provide insight into the voting patterns observed in the 2020 General Election.

Chart 6.1 is taken from an RTÉ article by Professor Michael Marsh of Trinity College Dublin and seeks to compare voter turnout in General Election 2020 with the population (in 2019, as a proxy for an age breakdown of the electorate as a whole). In this Chart, where the orange line is shorter than the blue one a group is less likely to vote; where it is longer, that group is more likely to vote. It shows for those in the 18-24 and 25-34 groups, turnout was less than average, as for those 65+, while those in the 35-49 and 50-64 groups were more likely to vote in General Election 2020. It would, therefore, stand to reason that political parties who stood for election on platforms based on the interests and concerns of middle-aged voters would fare better than those whose election manifestos were aimed at younger (or older) voters.

Encouraging participation in representative democracy is not only about the immediate policy priorities of the party or parties who enter Government, interest in politics is also an

important factor in social cohesion.¹⁷ It is therefore concerning that 1 in 4 young people (aged 15-29) in the OECD are ‘Not at all interested’ in politics, compared to 18 per cent of the total population. Ireland is again worse than the OECD average in this context, with 38 per cent of young people ‘Not at all interested’ in politics, compared to 27 per cent of the total population (Chart 6.2).

Social Dialogue

Increasing interest in politics and voter participation are just the first steps in meaningful participation. 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.

Real Social Dialogue would also help Government to make progress in each of these areas and provide 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.

Policy Priorities

- Invest in voter engagement initiatives.
- Implement real Social Dialogue involving all stakeholders, including young people.

¹⁵ OECD (2019): Society at a Glance, OECD: Paris

¹⁶ NYCI (2014): NYCI Briefing Paper 1, Voter Participation, Key Data from Red C / NYCI National Survey on Young People.

¹⁷ OECD (2019): Society at a Glance, OECD: Paris

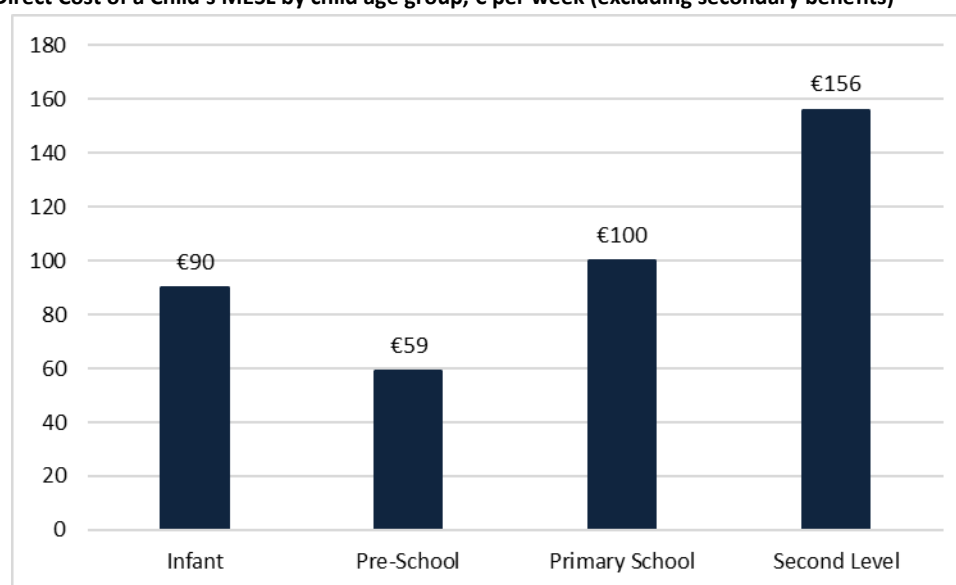
Income Distribution

Table 7.1: The Risk of Poverty Among Children in Ireland, 2005-2022

	2005	2010	2015	2020	2022
Children (under 18 years)	22.9	18.4	18.4	16.4	15.2

Source: CSO, PxStat (2023)

Chart 7.1: Direct Cost of a Child's MESL by child age group, € per week (excluding secondary benefits)



Source: MESL Research Centre (2023): Annual Update 2023. Society of St. Vincent de Paul: Dublin.

Income Distribution

Children are one of the most vulnerable groups in any society. Consequently, the issue of child poverty deserves particular attention. 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. Child poverty cannot be addressed in isolation; it needs to be considered within the wider issue of household poverty.

Social Justice Ireland regrets choices made in recent budgets where increases to core welfare rates have not kept pace with inflation. In 2022, 13.1 per cent of people in Ireland were at risk of poverty, an increase on the previous year when the poverty rate was 11.6 per cent. The risk of poverty among children was higher than the general population, at 15.2 per cent in 2022, having increased from 13.6 per cent in 2021.¹⁸

As Table 7.1 shows there has been a welcome reduction in this number over time – driven in particular by targeted welfare payments for families. Translating the data in this table into numbers of children implies that in 2022 around 190,000 children lived in households that were experiencing poverty. The scale of this statistic is alarming, and this situation is not acceptable. 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.

According to the MESL Annual Update 2023, the cost of a child’s core minimum essential

standard of living fluctuates with age, ranging from €59 per week for a pre-school child to €156 for a child in second-level education (Chart 7.1). The increased cost of living since October 2021 has put pressure on all households, but particularly families with children. The MESL Research Centre estimate that the cost of the food budget of households with children increased by approximately 23 per cent between 2022 and 2023, the largest increase of any household type, while two-parent families living in urban areas experienced an average increase on weekly energy costs of 72 per cent.¹⁹

Child benefit remains a key route to tackling child poverty and is of particular value to those families on the lowest incomes. It is the only payment specifically for the child and is protected income for the purpose of calculating reasonable living expenses on insolvency. As a universal payment, it also safeguards against ‘welfare traps’ which can inhibit labour force participation of welfare-dependent households who cannot afford to forego child payments which are linked to their core welfare payments.

In order to support households with children, all core social welfare payments must increase to take account of inflation in Budget 2024.

Policy Priorities

- Set an ambitious poverty-reduction target and commit sufficient resources to achieving it.
- Increase core social welfare payments by €25 per week and Child Benefit by €50 per month in Budget 2024.

¹⁸ CSO (2023): Survey on Income and Living Conditions 2023. CSO: Cork.

¹⁹ MESL Research Centre (2023): Annual Update 2023. Society of St. Vincent de Paul: Dublin.

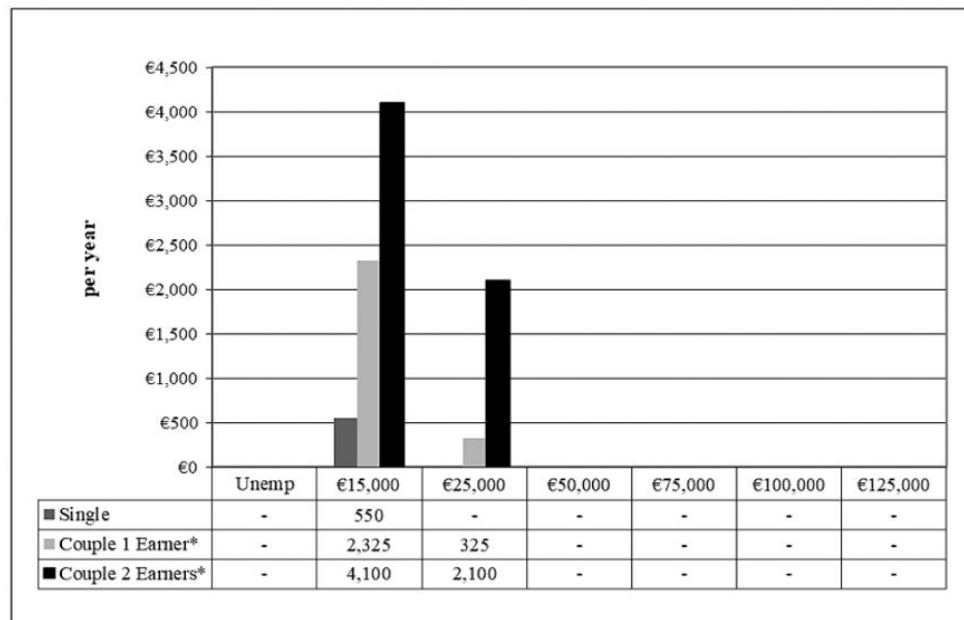
Taxation

Table 8.1: Direct, Indirect and Total Household Taxation as a % of Gross Income

Decile	Direct	Indirect	Total
Bottom	0.72%	29.93%	30.64%
2	0.49%	17.85%	18.34%
3	1.00%	15.66%	16.66%
4	2.62%	14.20%	16.82%
5	3.97%	13.05%	17.03%
6	7.38%	12.57%	19.95%
7	10.67%	10.53%	21.20%
8	14.12%	9.62%	23.74%
9	17.27%	8.50%	25.77%
Top	23.99%	5.70%	29.69%
State	13.60%	10.36%	23.95%

Source: Collins M.L. (2014) "Taxation". In O'Hagan, J. and C. Newman (eds.) The Economy of Ireland (12th edition). Dublin: Gill and Macmillan, equivalised data using national scale.

Chart 8.1: How Much Better off Would People Be if Tax Credits Were Made Refundable?



Source: Social Justice Ireland (2023): Budget 2023 Analysis and Critique, Social Justice Ireland: Dublin.

Note: Except where unemployed as there is no earner. Refund of unused portion of personal and employee credit.

Taxation

Social Justice Ireland believes that the tax that people and organisations should be required to pay should be based more on the value they subtract by their use of common resources. Taxation is the main way by which Government pays for services and infrastructure and accordingly, must be collected at an adequate level to sustain public services such as hospitals, schools, roads and so on. Low-income households are particularly dependent on public services, so ensuring that adequate resources are in place to maintain them is an important anti-poverty measure.

Indirect taxation and the income distribution

Department of Finance²⁰ tax forecasts for 2023 project that after income tax (€32bn) and corporation tax (€22.7bn) the third and fourth largest source of taxation revenue will be VAT (€19.3bn) and excise duties (€6.3bn). These latter two categories are indirect taxes and they tend to be regressive – meaning they fall harder on lower income individuals and households.²¹

An assessment of how these indirect taxes impact on households across the income distribution is possible using data from the CSO's Household Budget Survey (HBS), which collects details on household expenditure and income every five years. Table 8.1 presents the results of an examination by Collins of the 2009/10 HBS data. It shows that indirect taxation consumes more than 29 per cent of the lowest decile's income and more than 13 per cent of the income of the bottom six deciles. These findings reflect the fact that lower income households tend to spend almost all of their income while higher income

households both spend and save. Consequently, in our Analysis and Critique of Budget 2012, *Social Justice Ireland* highlighted the way that that Budget's increase in VAT was regressive and unnecessarily undermined the living standards of low-income households. Other, fairer approaches to increasing taxation were available and should have been taken.

Refundable Tax Credits

The *Social Justice Ireland* proposal to make tax credits refundable would make Ireland's tax system fairer, address part of the working poor problem, and improve the living standards of a substantial number of people in Ireland.

The major advantage of making tax credits refundable lies in addressing the disincentives currently associated with low-paid employment. The main beneficiaries of refundable tax credits would be low-paid employees (full-time and part-time). With regard to administering this reform, the central idea recognises that most people with regular incomes and jobs would not receive a cash refund of their tax credit because their incomes are too high. They would simply continue to benefit from the tax credit as a reduction in their tax bill, however as evident from Chart 8.1, introducing a refundable tax credit would be benefit employees on lower incomes.

Policy Priorities

- Reform the Tax System to make it fairer and more transparent.
- Implement a Refundable Tax Credit System.

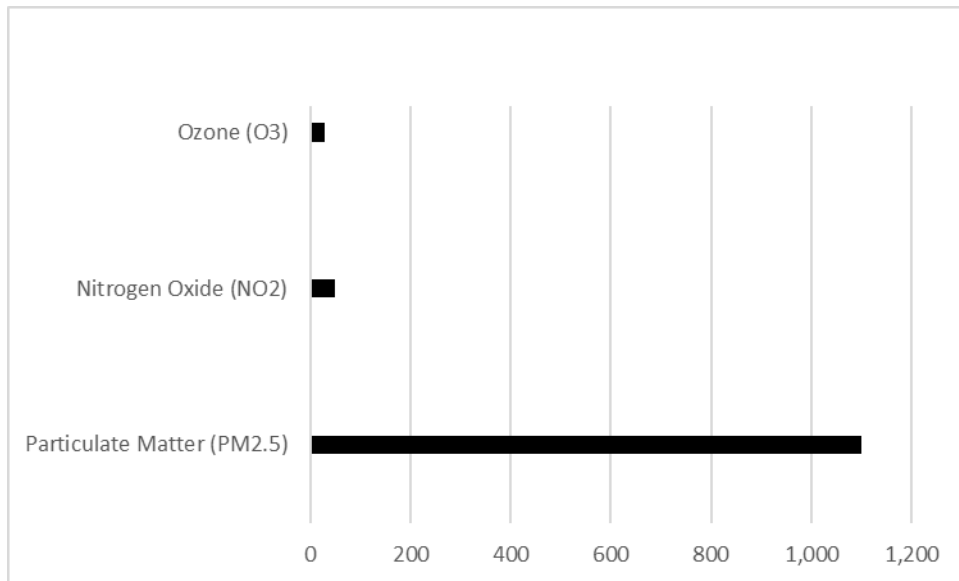
²⁰ Department of Finance (2022) Budget 2023. Dublin: Stationery Office.

²¹ Barrett, A. and Wall C. (2005) *The Distributional Impact of Ireland's Indirect Tax System*. Dublin: Combat Poverty Agency;

Collins M.L. (2014) "Taxation". In O'Hagan, J. and C. Newman (eds.) *The Economy of Ireland* (12th edition). Dublin: Gill and Macmillan.

Environment and Sustainability

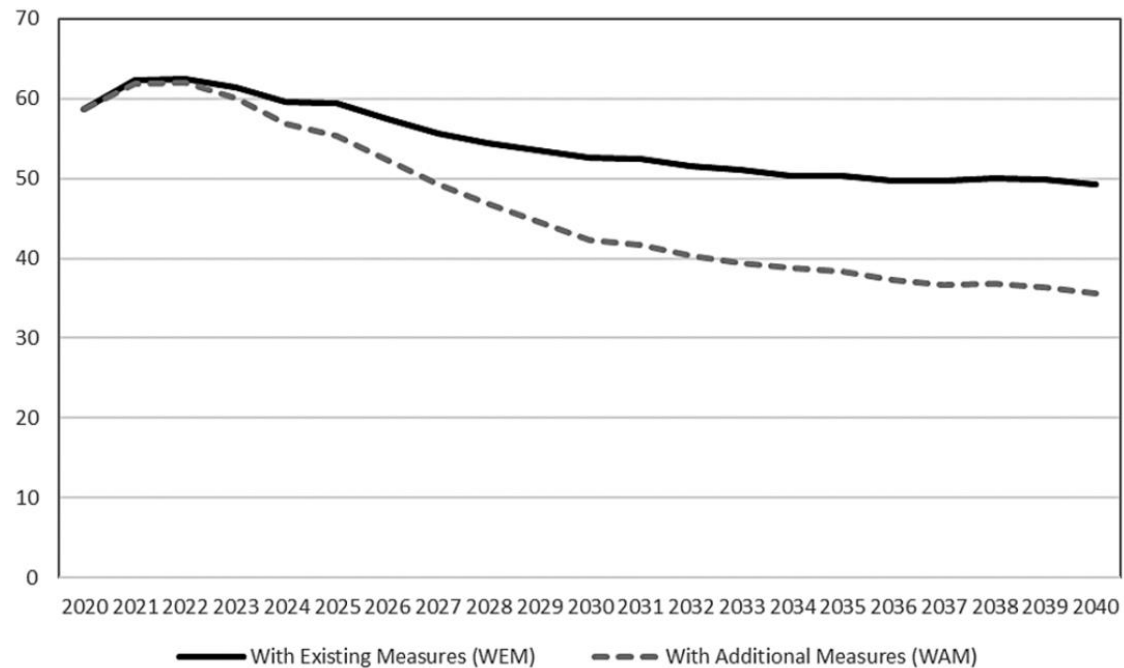
Chart 9.1: Premature Deaths Attributable to PM2.5, NO2 and O3 Exposure, 2016*



Source: CSO, Table 5.1 - SDG 3.9.1 Premature Deaths Attributable to PM2.5, NO2 and O3 Exposure

* PM_{2.5} signifies that it is particulate matter of 2.5 microns or less in diameter, Nitrogen oxide and ozone.

Chart 9.2: Ireland GHG Emissions Projections 2020-2040 (Mt CO2 eq)



Source: EPA, 2022.

Environment and Sustainability

Damaging environmental activity not only destroys ecosystems and biodiversity, it also affects health. According to the EPA about 1,300 premature deaths annually in Ireland can be attributed to air pollution (Chart 9.1).²² Those most impacted include older adults, people with chronic illnesses, children and those living in deprived communities. The World Health Organisation has described air pollution as the 'single biggest environmental health risk'.

Studies have also shown that the physical environments experienced by children have important impacts on their cognitive and socioemotional development²³ and that exposure to air pollution is associated with a range of childhood developmental complications.²⁴

Emissions in Ireland are cyclical, and even though emissions fell during the recession, they immediately increased as economic activity increased. Even with the impact of the pandemic taken into account, Ireland missed our energy and climate targets for 2020.²⁵

Provisional greenhouse gas emissions published by the Environmental Protection Agency for 2021 show that Ireland's greenhouse gas emissions increased by 4.7 per cent in 2021 compared with 2020 figures.²⁶ The EPA projections also indicate that Ireland will exceed its 2021 annual limit, a continuation of a worrying trend.

According to these estimates, 23.5 per cent of the carbon budget for the period 2021-2025 has already been used, requiring an 8.4 per

cent annual emissions reduction from 2022-2025 to stay in budget.

To date, there has been a complete failure at a political level to implement policies that will de-couple emissions from economic trends and put our economy and our society on a more sustainable footing. Ireland came closest to meeting the (missed) 2020 emission reduction targets in the period 2011-2012, during the economic recession. The EPA noted at the time that Ireland's reduced emissions resulted from reduced economic activity, not from any policy success, and has since noted that emissions continue to increase in line with economic growth. We must not let history repeat itself. Chart 9.2 outlines Ireland's projected level of emissions based on the latest data available from the EPA. It is clear from these projections that the existing measures contained in the Climate Action Plan will not be enough, and additional measures will be required.

Policy Priority

Develop a comprehensive Just Transition strategy aimed at leaving 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.

²² https://www.epa.ie/publications/monitoring--assessment/air/EPA-Air_Quality_in-Ireland-Report_2021_-interactive-pdf.pdf

²³ Ferguson KT, Cassells RC, MacAllister JW, Evans GW (2013). The physical environment and child development: an international review. *Int J Psychol.* 2013;48(4):437-68

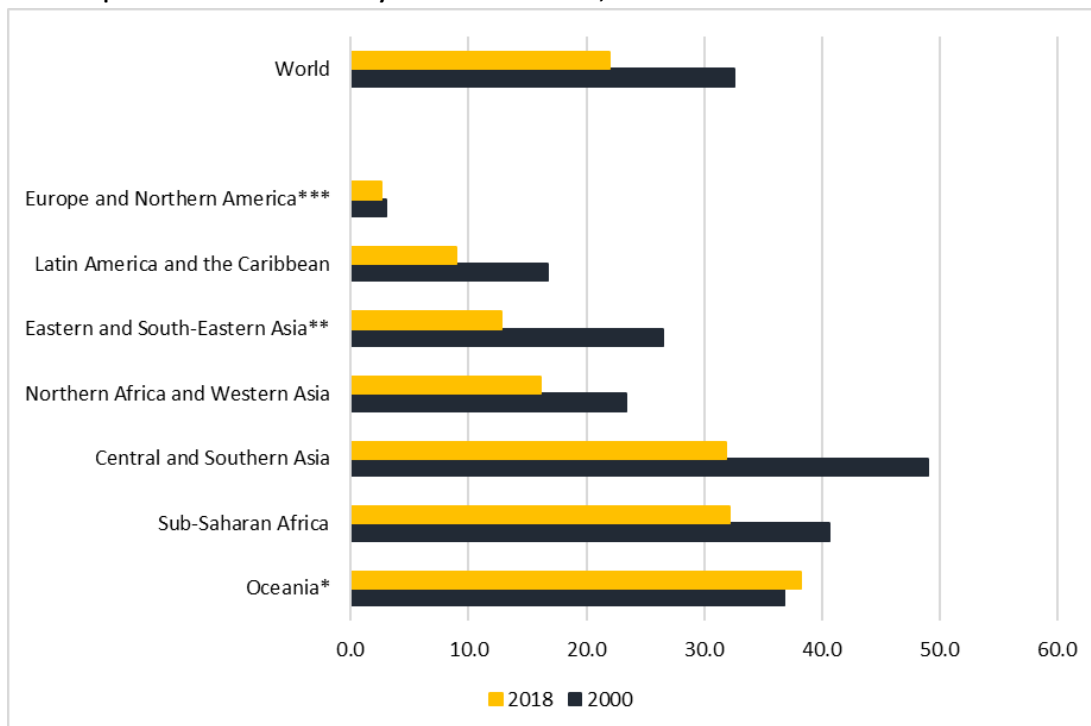
²⁴ Ha S. (2021) Air pollution and neurological development in children. *Dev Med Child Neurol.* 2021 Apr;63(4):374-381.

²⁵ Environmental Protection Agency (2022) Ireland's Provisional Greenhouse Gas Emissions 1990-2021. Dublin: EPA.

²⁶ Environmental Protection Agency (2022) Ireland's Greenhouse Gas Emissions Projections 2021-2040. Dublin: EPA.

Global Issues

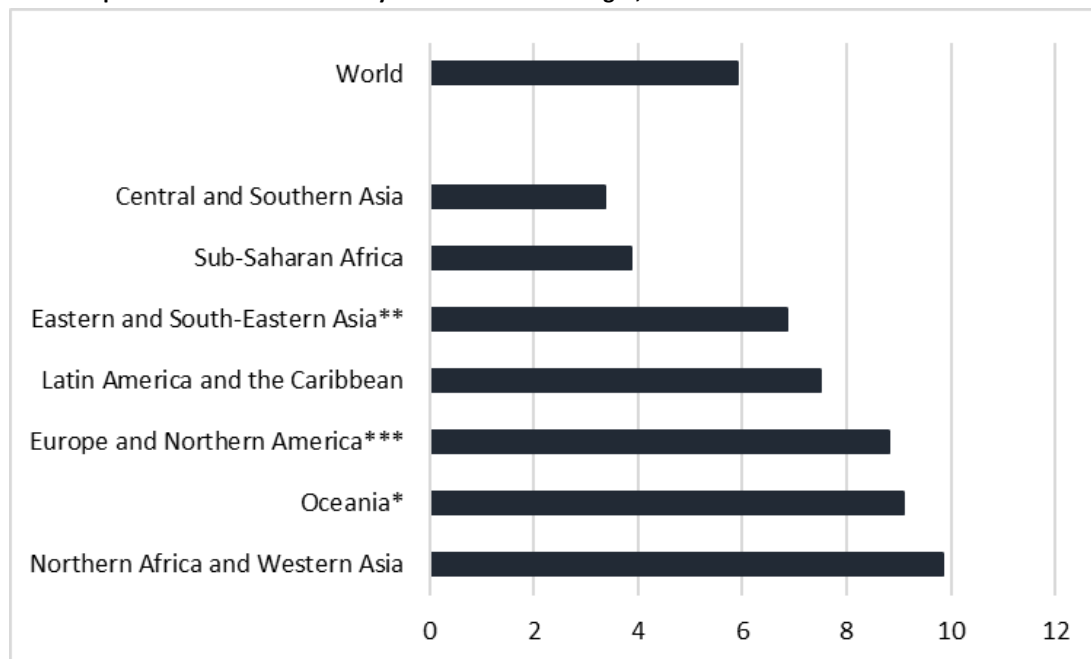
Chart 10.1: Proportion of children under 5 years who are stunted, 2000 and 2018



Source: UN Statistics Division (2023)

Notes: * Excluding Australia and New Zealand.
 ** Excluding Japan.
 *** Including estimates only for the United States of America. Confidence intervals are not available.

Chart 10.2: Proportion of children under 5 years who are overweight, 2018



Source: UN Statistics Division (2023)

Notes: * Excluding Australia and New Zealand.
 ** Excluding Japan.
 *** Including estimates only for the United States of America. Confidence intervals are not available.

Global Issues

Malnutrition, Wasting and Obesity

The UN Sustainable Development Goals (the SDGs) consist of 17 goals underpinned by 169 targets. Goal 2, ‘Zero Hunger’, has 8 associated targets, one of which (2.2) is to end all forms of malnutrition by 2030. The World Health Organisation, in their ‘Sustainable Development Goals: health targets’ report²⁷, discuss the need to address all forms of malnutrition around the world. Malnutrition includes ‘deficiencies, excesses or imbalances in a person’s intake of energy and/or nutrients.’²⁸ This categorisation includes both undernutrition, wasting and being underweight and obesity or being overweight. A report from the United Nations indicates that while stunting and wasting in children is declining (Chart 10.1), this decline is not happening fast enough to meet the SDG targets. In 2018, 7.3 per cent of the global under-5 population, or 49 million children under 5 years of age, suffered from acute undernutrition or wasting.

Chart 10.2 contains data on the proportion of the under-5 population who were overweight in 2018. Comparing this to Chart 10.1, it is clear that malnutrition and wasting are less of an issue in Europe and North America, however regions such as Oceania, Northern Africa and Western Asia contain high levels of both overweight and malnutrition in their under-5 population.

Migration

Children represent 1 in 8 of migrants worldwide.²⁹ According to UNICEF, at the end

of 2021, 36.5 million children were displaced from their homes due to violence, conflict and other crises. Of these, 22.8 million were internally displaced (within their country of origin), and 13.7 million were child refugees and asylum-seekers outside their country of origin.³⁰ While these official figures are indicative of great numbers of children who are experiencing displacement, more robust data is required to know more exact details of displaced persons globally.

While displacement from the Global South receives media and political attention as cause for concern in wealthy host countries such as Ireland, the majority of displaced persons are classified as internally displaced within their own country. For those who do arrive to Ireland, however, adequate supports must be made available to ensure a ‘human-rights-first’ approach to international protection.³¹

Policy Priorities

- Invest €1 billion in Overseas Development Aid, Climate Finance, and Loss and Damage for the Global South in Budget 2024.
- Invest in a “human-rights-first” response to international protection.
- Convene a Working Group to develop a methodology for forecasting populations, to include all forms of migration, to properly plan for future services and infrastructure need.
- Take a leadership role in progressing the Sustainable Development Goals.

²⁷ <https://www.who.int/europe/publications/i/item/WHO-EURO-2021-2574-42330-58595>

²⁸ What is malnutrition? Geneva: World Health Organization; 2016 (<https://www.who.int/news-room/q-a-detail/malnutrition>, accessed 1 August 2023).

²⁹ <https://data.unicef.org/data-for-action/keeping-our-promises-stronger-data-for-children-on-the-move/>

³⁰ Ibid

³¹ Roundtable on Migrations in Our Common Home, 2022. Planning for Change: Climate Change and Migration, Dublin: Social Justice Ireland.

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

Social Justice Ireland
Policy Briefing July 2023

Budget Choices

Pre-Budget Submission, Budget 2024

What are the choices facing Ireland in the coming year? The Government's Pre-Budget Submission (PBS) for Budget 2024 is published in the early part of the year. It sets out the Government's plans for the coming year, including its proposals for taxation, spending, and public services. The PBS is a key document for the public and for the Oireachtas, as it provides a clear picture of the Government's priorities and the trade-offs it is making. This briefing examines the key choices facing Ireland in the coming year, including the impact of the PBS on the economy, society, and the environment.

Contents

- 1. Introduction
- 2. The PBS and the Government's priorities
- 3. Taxation
- 4. Spending
- 5. Public services
- 6. The environment
- 7. Conclusion

Authors: Dr. Charles M.A. Clark, Dr. Catherine Kavanagh, Dr. Colette Bennett

Social Justice Ireland
working to build a fair society

Tracking the Distributive Effects of Budget Policy

Including the effect of living crisis measures to July 2022

2023 edition

This report tracks the distributive effects of budget policy in Ireland, including the impact of living crisis measures. It provides a detailed analysis of the distribution of income and wealth, and the impact of government policies on these distributions. The report is a key resource for understanding the impact of budget policy on the Irish population.

European Research Series

Europe from Pandemic to Polycrisis

Review of the Social Situation in Europe and Considerations for a More Sustainable and Inclusive Future

This research series provides a comprehensive review of the social situation in Europe, from the impact of the COVID-19 pandemic to the current 'polycrisis' of climate change, economic uncertainty, and social inequality. It offers insights and recommendations for a more sustainable and inclusive future.

Measuring Progress: Economy, Society and Environment in Ireland

Sustainable Progress Index

Social Justice Ireland
working to build a fair society

This report introduces the Sustainable Progress Index (SPI), a composite index that measures progress in Ireland across three key areas: the economy, society, and the environment. The SPI is a key tool for tracking progress and identifying areas for improvement. The report is written by Prof. Charles M.A. Clark, Dr. Catherine Kavanagh, and Dr. Colette Bennett.

Social Justice Ireland
working to build a fair society

Towards Wellbeing for All

This report explores the concept of wellbeing for all, and the role of government policy in achieving it. It provides a detailed analysis of the current state of wellbeing in Ireland, and offers recommendations for policy changes to improve wellbeing for all.

Social Justice Ireland
working to build a fair society

Budget 2023 Analysis & Critique

Government widens rich/poor gap
Leaves poor further behind

This report provides a detailed analysis and critique of the Budget 2023. It examines the impact of the budget on the economy, society, and the environment, and offers recommendations for a more fair and sustainable budget.

Social Justice Ireland
working to build a fair society

Socio-Economic Review 2023

Social Justice Matters

2023 guide to a fairer Irish society

This report provides a comprehensive overview of the socio-economic situation in Ireland in 2023. It covers a wide range of issues, including income inequality, social inequality, and the environment. It is a key resource for understanding the current state of Ireland and for identifying areas for improvement.

Migrations in Our Common Home

Forecasting for Change

This report explores the impact of migration on Ireland, and the role of government policy in managing it. It provides a detailed analysis of the current state of migration in Ireland, and offers recommendations for policy changes to manage migration in a fair and sustainable way.

Migrations in Our Common Home

Planning for Change – Climate Change and Migration

Roundtable on Migrations in Our Common Home

This report provides a detailed analysis of the impact of climate change on migration, and the role of government policy in managing it. It offers recommendations for policy changes to manage migration in a fair and sustainable way.

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



Acknowledgement

The work is partly supported by the Department of Rural and Community Development via the Scheme to Support National Organisations and Pobal.



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



Support Social Justice Ireland

If you wish to become a member of *Social Justice Ireland* or make a donation to support our work you may do so through our website www.socialjustice.ie/members or by contacting our offices directly.

