



**SOCIAL
JUSTICE
IRELAND**

working to build a just society

Budget 2024 Analysis & Critique

OCTOBER 2023

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A Budget of Missed Opportunities Given Enormous Resources

Government has delivered less than half of what was required in Budget 2024 for Ireland's poorest to have an adequate standard of living. The increase of €12 in core social welfare rates falls far short of the €25 needed to begin to address income adequacy among the poorest families, especially in the context of reduced purchasing power (see p. 3). Government has yet again reneged on the commitment it made in the Programme for Government (2020) to protect core social welfare rates; it has failed to benchmark social welfare or adequately compensate for inflation.

Inadequate Response to Cost of Living

Social Justice Ireland welcomes the increase in the National Minimum Wage to €12.70, but regrets that this is well below the real Living Wage, as calculated by the Living Wage Technical Group, of €14.80 per hour.

The €10 per week fall in the rich-poor gap, reducing it to €960 per week in 2024, is also welcome (p. 9). However, the temporary measures that contribute to this reduction are not currently scheduled to repeat in 2025 when the gap is likely to grow once again.

The decision to allocate substantial resources to the wealthy rather than the poorest in our society, at a time when inflation is eroding the value of existing income supports and driving up the cost of living, is manifestly unjust. For example, landlords will receive €600 in 2024 in the form of a tax cut, equivalent to the annual value of the €12 increase to core social welfare payments (€636). *Social Justice Ireland* is profoundly disappointed that Government decisions benefitted the better off, while the poorest were falling further behind.

One-Off Measures Fail

Instead of again relying on one-off payments, Government should have chosen to make income adequacy and the benchmarking of social welfare rates to average earnings a key focus of Budget 2024. When temporary measures end, the gains to welfare dependent households will fall by 35 to 46 per cent (p. 8).

One-off payments fail to address long term problems and should be avoided by Government. For example, social welfare recipients have already received energy credits totalling €400 in 2023. They will now receive an additional €150 bringing their one-off payment in 2023 to €550. In 2024, they will receive €300, a reduction of €250 on the previous year. They will receive an extra welfare payment in January 2024 (€232) which will not fully make up for the reduced energy credit. They will receive neither of these in 2025, meaning they will be

Continued on page 2

Welcome

- Minimum wage increase
- Minimum corporate tax rate
- Vacant homes tax
- Free school books for junior cert
- PRSI increase

Regret

- Inadequate social welfare increase
- Mortgage interest relief
- Limited social housing ambition
- Lack of vision on savings funds
- Focus on one-off measures

Problems in Child Poverty, Housing and Taxation



worse off by €532 before any account is taken of inflation between now and then.

Beneath the cost-of-living crisis, driven by persistent inflation, is a long-standing crisis of poverty with one in eight people in Ireland living below the poverty line. Added to this is a chronic housing and homelessness crisis and ongoing problems in the provision of services. Long-term problems require long-term solutions. Temporary one-off measures provide welcome short-term assistance to households in the week or month they are provided, but then fade away. Whereas those on higher incomes will see permanent gains in tax cuts. Rather than spending this year's surplus to support those who most need it, for whom it would have the greatest impact, Government has chosen to channel money towards those better able to manage without it. A more appropriate increase in all core weekly welfare rates would enable households to buy essentials routinely and not as treats.

Inflation

In this context, it is important to realise that increases in inflation persist through the following years. Government claims that one-off payments compensate for rises in the cost of living. But, as we've seen in analysing Budget 2024, once these one-off payments have been used, people's permanent income has not kept pace with inflation and their poverty deepens further. It is also important to remember that most people with jobs, as well as benefitting from Budget changes will also see their incomes rise. On the other hand, most people on fixed incomes depend on the Budget alone. Another reason why one-off payments are not appropriate for the Government's annual Budget.

Child Poverty and Income Adequacy

Government has pitched Budget 2024 not

only as a cost-of-living budget, but also one that seeks to address child poverty – a goal that *Social Justice Ireland* ardently supports. At present, 671,000 people in Ireland are below the poverty line, including almost 190,000 children. Child benefit is an important tool for supporting low income families. A €50 increase was required in child benefit to address Ireland's level of child poverty. Instead Government provided no increase in the rate. While welcome, the permanent increase and one-off payment to recipients of the Qualified Child Increase do not reach all families in poverty.

Fundamentally, child poverty cannot be separated from the poverty experienced by the families to which children belong. While the 25 per cent cut to childcare costs, free school books and hot school meals all go some way to cutting the costs to families in poverty, they do not go far enough to address the core problem: income adequacy. Had Government been serious about tackling child poverty, it would have addressed income adequacy, housing, education and health.

Housing

The number of homeless people accessing emergency accommodation in August 2023, was a record 12,691. The level of homelessness in Ireland is caused primarily by a lack of housing.

Between 2012 and 2022, residential property prices rose by 75 per cent, private rents by 90 per cent, while wages rose by just 27 per cent (p. 5). Rather than increase housing stock, the extension of the Help to Buy and First Home schemes will simply maintain high house prices. Likewise, the Rent Tax Credit does not benefit low-income renters. Meanwhile, the commitment to build 9,300 social homes in 2024, fails to catch up with the 1,567 shortfall on the 2022 target, and the likely

shortfall from 2023. At a time of record windfall surpluses, the investment in construction, particularly of social housing, is woefully inadequate.

Taxation

The decisions made on taxation will widen divides in Irish society and are unfairly targeted. Raising the threshold for the higher rate of tax serves only to benefit those already on incomes above €40,000. While less regressive, changes to the USC will only benefit those with incomes above €22,920, and is negligible for workers earning between €15 and €20 per hour. *Social Justice Ireland's* proposal for refundable tax credits would have been far more effective in targeting low income households.

Failures of Ambition and Prudence

Government demonstrated fiscal prudence in reducing the exchequer's reliance on windfall revenues and by establishing the Future Ireland Fund and Infrastructure, Climate and Nature Fund. However, a robust and adequately resourced social and economic infrastructure is as important as sound fiscal policy for our nation's long-term stability and success. Given the scale of the problems, immediate and significant investment is required in housing, infrastructure, social services, wind energy and income adequacy.

Social Justice Ireland regrets that Government did not take the opportunity to frame the Budget in two distinct parts: the first to cover ongoing expenditure funded through recurring revenue; and the second, funded by windfall tax gains, to be invested in strategic one-off projects in the long-term interests of Irish society. Instead, Budget 2024 lacks clarity and fails to set out a definitive pathway towards solving the multiple crises facing our country.

Given the resources available Budget 2024 lacked vision and ambition for building a fairer Ireland.

Budget 2024 Delivers Another Regressive Shift

Budget 2024 includes a range of measures to address the ongoing cost of living crisis. Structurally, it follows a similar path to that adopted last year, in Budget 2023, with a mixture of immediate measures, one-off payments due before the end of this year, and changes to income tax and welfare payments from January 2024. Given the challenges that so many households face in making ends meet, particularly those on the lowest incomes, much of that assistance is welcome and badly needed.

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

In the immediate term, counting both the temporary and permanent measures, the Budget gives more resources to lower income households; something we explore further on pages 8 and 9. However, once these temporary measures are discontinued

(from April 2024 onwards) what is left are the permanent changes to income taxes and welfare. These Budget 2024 decisions have skewed resources in favour of higher income individuals and households.

Presenting the Budget as progressive is misleading; unfortunately it represents another regressive shift, building on a similar set of outcomes following Budget 2023.

Consequently, the presentation by Government of the Budget as progressive is misleading; unfortunately it represents another regressive shift, building on a similar set of outcomes following Budget 2023.

In particular, the Budget has provided least for the large cohort of lower income workers; those earning above the minimum wage but below annual income levels that allow them to experience much of the value of the income tax changes. A group earning around €15 to €20 per hour (€30,000 to €40,000 per annum). Year after year this large group of workers hears of 'gains' from the Budget but experiences little if any of them; something that cannot persist both due to its distributive effects and the socio-political reality that we cannot keep ignoring these workers and families. *Social Justice Ireland* has continually highlighted the relevance of refundable tax

credits as a means of making the taxation system fairer and helping this low income group. It is a regret that Budget 2024 did not make this change; it is overdue.

To illustrate the distributive outcomes from Budget 2024, among single people next year the Budget's **permanent changes** to taxes and welfare deliver the following average weekly gains:

- An unemployed person: + €12.20
- An earner on €30,000: + €5.46
- An earner on €60,000: + €15.85
- An earner on €100,000: + €16.62

Among couples in 2024 the Budget's permanent changes to taxes and welfare deliver the following average weekly gains:

- A pensioner couple: + €22.80
- An unemployed couple: + €19.92
- With 1 earner on €30,000: + €1.62
- With 1 earner on €60,000: + €19.69
- With 2 earners on €100,000: + €29.89.

Overall, Budget 2024's legacy will be to widen further the gap between the better off and those on the lowest welfare and work incomes; given the resources available it is a regrettable outcome.

€12 Welfare Increase: not enough

Welfare payments target those most in need within Irish society. They also play a central role in alleviating poverty. According to the latest CSO Poverty figures, without the social welfare system almost four in every ten of the Irish population would be living on an income below the poverty line.

However, welfare payments reduced the poverty rate by 23 percentage points to 13.1 per cent. Thus, when Budget resources are focused on the welfare system they assist those who need most help.

Social Justice Ireland regrets that Budget 2024 only provided an increase of €12

per week to core welfare payments. In our pre-Budget document, *Budget Choices*, we called for an increase of €25 per week in all weekly minimum welfare payments to ensure that their value was benchmarked to movements that have already occurred in average earnings.

It is regrettable that the Budget failed to deliver an increase of this scale. It is also a concern that as public and private sector wage increases continue throughout 2024, those dependent on welfare will fall further and further behind.

A lesson from past experiences is that the weakest in our society get left behind

unless welfare increases keep track with increases in earnings elsewhere in the economy. If divides open up, as in the late 1990s, poverty for this group will rise. We regret that sufficient progress towards this benchmark was not delivered as part of Budget 2024. Despite challenges, we believe that the resources were available to deliver this increase.

Other Budget measures, including increases to the qualified child payment and adjustments to child benefit, the carers allowances and the working family payment are welcome. These assist low income vulnerable groups in our society.

Budget 2024 fails to deliver on child poverty

Billed as a budget to tackle child poverty, Budget 2024 failed to live up to expectations. Child poverty is a reality for one in every seven children in Ireland, about 190,000 children; a stark statistic which raises major questions for fairness and progress. The recent increased political focus on child poverty (via the establishment of a Child Poverty and Well-Being Office in the Department of the Taoiseach, the launch of its 'Initial Programme Plan' 2023-25, and measures in Budget 2024) is welcome and overdue. Given the slow and limited progress achieved by many previous anti-poverty strategies, it is crucial that these new anti-child poverty ambitions translate into actual measures that put more income in the pockets of poorer families and make the public services they rely on more available and more affordable.

Child poverty is essentially an issue of low income families and child poverty solutions hinge on issues such as adequate adult welfare rates, decent rates of pay and conditions for working parents, and adequate and available public services. Child benefit also remains a key route to tackling child poverty. It is of particular value to those families on the lowest incomes. *Social Justice Ireland* welcomes Government's identification of key areas for policy focus to address child poverty, including income levels and the cost and availability of services. Unfortunately Budget 2024 failed to adequately prioritise and resource these areas.

Income supports and joblessness

Budget 2024 increased the qualified child payment by €4 per week, increased core social welfare rates by €12 per week, increased the Domiciliary Care Allowance, maintained the Christmas Bonus, increased the Working Family Payment threshold and contained a number of other one-off payments. The failure to increase core social welfare rates by €25 per week and Child Benefit by €50 per month means that the most vulnerable children and their families were not a priority in Budget 2024. The failure to make tax credits refundable and to introduce a Living Wage means that vulnerable households in employment have also been left behind. Low income families find themselves in the same position as last year, with Government again relying on once-off payments rather than addressing income adequacy.

Early Learning and Childcare

Budget 2024 increased the minimum subsidy to the National Childcare Scheme and increased core funding by €10.5m. We regret that it failed to invest sufficiently in ECCE to support staff professionalism, expansion of provision through the Irish language and non-contact time.

Reducing the cost of education

Budget 2024 extended child benefit to children over the age of 18 in full time secondary education, extended the free school books scheme, increased the maintenance grant threshold and contained a one-off reduction in student contribution. While these measures are welcome, Government failed to increase the capitation grants sufficiently at primary and second level, and made limited progress on reducing pupil teacher ratios and average class sizes.

Family homelessness

Budget 2024 failed to expand the remit of Housing First to homeless families accessing emergency accommodation, nor did it introduce a limit to the amount of time a family may spend in emergency housing.

Pathways to access the services children and families need

Budget 2024 extended the Hot School Meals programme and the waiver for school transport for one year. However, in terms of increasing the availability of services, Budget 2024 did not deliver. It failed to provide adequate resources to Tusla for child protection and increased social provision for children and families, failed to fully resource the rollout of Sláintecare infrastructure to enhance access to healthcare for families, and failed to provide sufficient resources to expand the number of GP and Practice Teams to provide universal access to GP care.

Participation in arts, culture and sports opportunities

We regret that Budget 2024 did not resource the Arts Council to embed arts and cultural participation as part of the ECCE framework.

Child Poverty in Ireland

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. The 2022 CSO SILC survey indicates that 15.2 per cent of children were at risk of poverty. In 2022 around 190,000 children (1 in every 7 children in Ireland) lived in households that were experiencing poverty. Recent years have seen long overdue improvements in Ireland's child poverty rate; driven in particular by targeted welfare payments for families. However, the scale of this problem remains alarming. A Child Deprivation Module published by the CSO and based on SILC 2021 indicated that children in single-parent households, households with no one in employment, and children in rented accommodation were most at risk of experiencing deprivation. Looking at the intergenerational transmission of disadvantage, CSO data shows that adults who lived in households experiencing financial disadvantage as teenagers were more likely to be living in poverty and experiencing deprivation than their peers.

Despite progress, our long-standing failure as a society to adequately engage with the issue of child poverty, and drive substantial and permanent reductions to it, is building long-term problems for people currently experiencing child poverty and for society. Poverty impacts hardest on those experiencing it in their day-to-day lives. However, as a 2020 report by UCD academic Dr Micheál Collins for the SVP showed, poverty also imposes costs on society. The report found that each year the state spends €4.5bn dealing with the causes and consequences of poverty; money that could be used in many other ways if we succeeded in targeting and eliminating poverty. Investments made now, while expensive, will reap substantial rewards for individuals and society in the longer term.

Regressive subsidies and lack of ambition on Housing

For the past number of years, Government's response to the housing crisis has been categorised by an over-reliance on the private rented sector and the introduction of badly-targeted subsidies which disproportionately benefit those on higher incomes and artificially inflate house and rent prices. Budget 2024 has been no exception.

The proportion of owner occupied homes in the State fell between Census 2016 and Census 2022 and now stands at 66 per cent, while the age at which more than half of homeowners own their home has increased by a decade to 36 in 2022. The capacity of a single person to purchase a home is at its worst since 2013, with the price to income ratio increasing from 4.6 in 2013 to 6.8 in 2021. Between 2012 and 2022, residential property prices rose by 75 per cent, private rents by 90 per cent, while wages rose by just 27 per cent (Parliamentary Budget Office, 2023).

In response to declining ownership rates and affordability issues, Government introduced demand-side subsidies which artificially inflate incomes and circumvent the Central Bank's macroprudential rules. Budget 2024 extended, and expanded eligibility for, the Help to Buy Scheme to December 2025, which analysis shows disproportionately supports higher income earners to purchase higher-priced properties. Similarly, with an increase of €50 million to the First Home Scheme, a shared equity scheme with a subsidy of up to 30 per cent of the purchase price, Government policy is maintaining high house prices. Neither of these schemes will result in the building of an additional property.

Budget 2024 committed to the construction of 9,300 social homes, ignoring the shortfall of 1,567 on the 2022 target, and the

likely shortfall from 2023, given that just 1,401 of a target of 9,100 social homes had been built as at Q2 2023.

The latest Rent Index Report (RTB, 2023) shows that rents have increased to a national average of €1,544 per month. Increasing the Rent Tax Credit to €750, while maintaining its current structure will not help low-income renters. Introduced in Budget 2023, the full Rent Tax Credit is available to renters who earned at least €20,000 in the previous year and who were not in receipt of any form of housing subsidy. Data published by the Revenue Commissioners shows that the distribution of this credit is regressive. Those with an Annual Gross Income of €0-10,000 received an Average Benefit of €1, while those earning between €200,001—250,000 received an Average Benefit of €814. *Social Justice Ireland* regrets that this credit was not converted to a grant or made refundable to benefit low-income tenants.

Budget 2024 also introduced additional tax reliefs for landlords by incrementally increasing the rental income disregard to €5,000 by 2026 on condition that they remain in the market for the full four years of the relief. There is little suggestion that these landlords would be leaving the market, and at a full year cost of €160 million, it is disappointing that Government missed the opportunity to link such a benefit to the introduction of long-term tenancies.

By not providing adequate investment in construction, particularly social housing construction, at a time of record windfall surpluses, Government has missed the opportunity to grasp the nettle of the housing crisis and provide adequate and sustainable housing for all. Continued reliance on subsidies to the private sector indicates short-term thinking over long-term social and economic benefit.

No move for record homeless

The number of homeless people accessing emergency accommodation in August 2023 was a record 12,691. This represents an increase of 50 per cent since Housing for All was introduced and 94 per cent since the previous strategy, Rebuilding Ireland, was launched in July 2016. This Government is presiding over the worst homelessness crisis on record. The current strategy is not working and Budget 2024 has not provided any alternative solutions.

Family homelessness has increased by 88 per cent since the introduction of Housing for All. In August 2023 1,886 families, including 3,895 children, accessed emergency accommodation. According to the Quarterly Performance Report Q2 2023, almost 2 in 5 families accessing emergency accommodation were doing so for more than 12 months, while 15 per cent were in the system for more than 2 years. A similar pattern emerges for single-person households accessing emergency accommodation, with 35 per cent in the system for more than 12 months and 15 per cent for more than 2 years.

Budget 2024 missed the opportunity to use the additional allocation of €242 million to extend Housing First to children and families, instead increasing payments to providers of emergency accommodation. This Government has failed to heed the warnings of human rights organisations on the risks of institutionalising families, risks which are particularly prevalent for children.

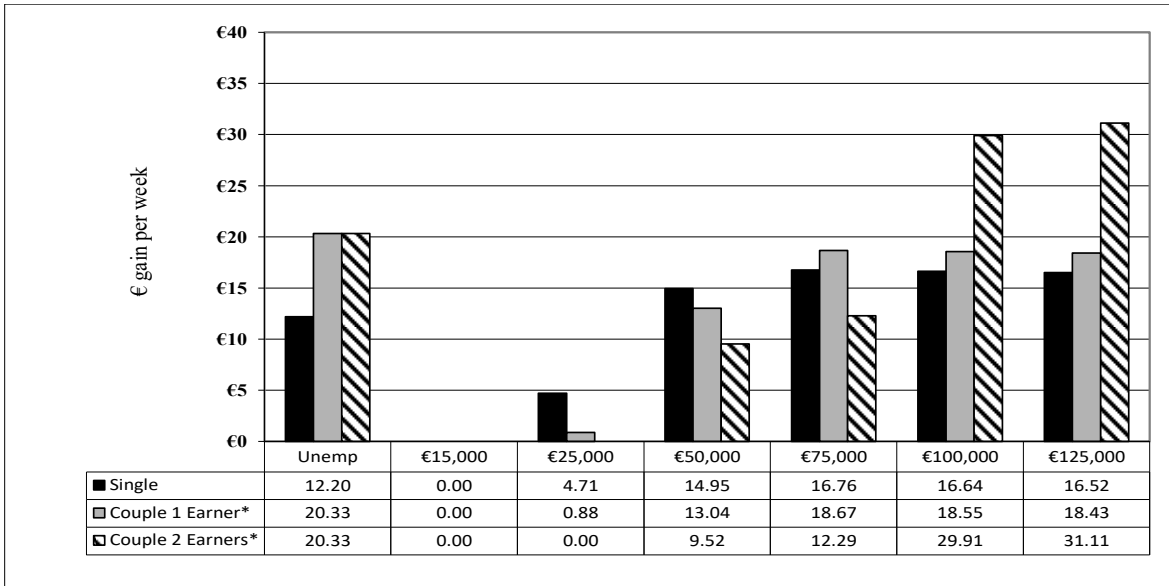
No focus on Mortgage Arrears

The Consumer Price Index division with the largest increase in the 12 months to August 2023 was Housing, Water, Electricity, Gas & Other Fuels (+17.3 per cent), with actual rents for housing and mortgage interest increasing by 18.3 per cent, and Mortgage Interest alone increasing by 51.3 per cent.

Budget 2024 introduced Mortgage Interest Relief at 20 per cent for borrowers with mortgages between €80,000 and €500,000 who can demonstrate an increase in mortgage interest in the year 2023. This will be available to an estimated 165,000 mortgage holders, many would have been on low tracker rates in the previous decade, irrespective of affordability. *Social Justice Ireland* regrets that a more targeted approach was not taken with a specific subsidy for borrowers who are struggling with their mortgage payments, particularly holders of the 17,545 home mortgages in arrears between 90 and 365 days as of June 2023.

We further regret that more support was not provided to families in long-term mortgage arrears who have not recovered since the 2008 crash. A total of 6,414 mortgages (PDH and BTL) were in arrears of more than 10 years in June 2023. *Social Justice Ireland* has previously proposed an equity scheme for borrowers in long term mortgage arrears for whom Mortgage to Rent and insolvency are not suitable.

Chart 6.1: Impact of Income Tax and Headline Welfare Payment Changes from Budget 2024
 - all temporary measures (one off electricity credits and welfare top-ups) are excluded



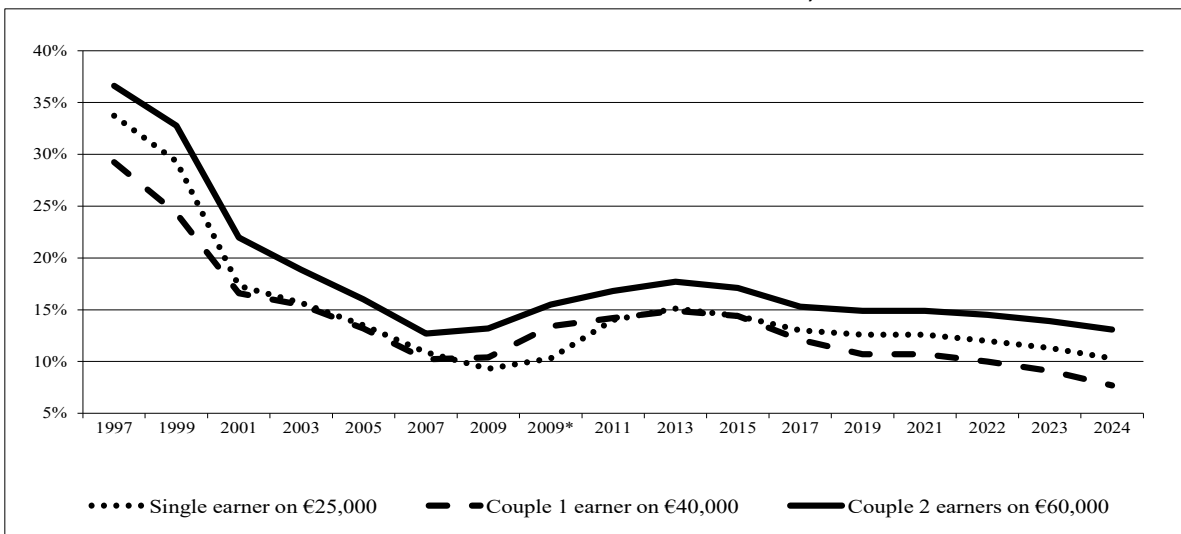
Notes: * Except in case of the unemployed where there is no earner. Unemployed aged 26 years plus. All other earners have PAYE income. Couple with 2 earners are assumed to have a 65%/35% income division. Lower income earners may also benefit from an increase in the minimum wage. We examine the impact of permanent and temporary measures on page 8.

Table 6.1: Effective Tax Rates following Budgets 2014, 2023 and 2024

Income Level	Single Person			Couple 1 Earner			Couple 2 Earners		
	2014	2023	2024	2014	2023	2024	2014	2023	2024
€15,000	2.7%	0.8%	0.8%	2.7%	0.8%	0.8%	2.0%	0.0%	0.0%
€20,000	11.1%	5.6%	4.6%	7.6%	3.4%	3.4%	2.3%	0.0%	0.0%
€25,000	15.1%	11.3%	10.3%	8.3%	5.5%	5.3%	2.5%	0.6%	0.6%
€30,000	17.7%	14.2%	13.2%	9.5%	6.0%	5.7%	5.6%	1.9%	1.9%
€40,000	24.8%	17.7%	16.9%	14.9%	9.1%	7.7%	9.9%	6.1%	5.0%
€60,000	33.9%	28.0%	26.6%	26.6%	19.2%	17.5%	17.7%	13.9%	13.1%
€100,000	41.1%	37.2%	36.4%	36.8%	32.0%	30.9%	30.2%	23.9%	22.3%
€120,000	42.9%	39.7%	39.0%	39.3%	35.3%	34.4%	33.8%	28.2%	26.9%

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

Chart 6.2: Effective Income Tax Rates in Ireland, 1997-2024



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

'Permanent' Income Gains from Budget 2024

Budget 2024 has included a combination of measures for both the current year (2023) and next year (2024). In Chart 6.1 (p6) we focus on the additional income that households will receive in 2024 as a result of **permanent changes** to income taxation and headline welfare payments.

Therefore, we are focused on the effect of changes to income tax bands, tax credits, and both USC and PRSI rates and thresholds. Our comparison is to the outcome at the end of 2023, again excluding temporary measures in that year. The temporary measures we exclude are

all the once off cost of living payments including electricity credits, and all one-off welfare payments. The recurring Christmas bonus welfare payment is included. The analysis provides a clearer picture of the ongoing impact of the Budget's tax and welfare measures on the income distribution (see also p3).

In our calculations we have not included any changes to other welfare allowances and secondary benefits as these payments do not flow to all households. Similarly, we have not included changes to other taxes (including indirect taxes,

property taxes, rental credits etc) as these are also experienced differently by households. Some lower income earners may also benefit from the increase in the minimum wage.

Chart 6.1 shows that it is those households with the highest income that will gain most in 2024. There have been welcome income gains for those who are unemployed; although these are less than we argued for (see p3). The chart also highlights how, once again, the Budget has provided limited gains for low income working households.

Effective Income Tax Rates after Budget 2024

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

Following Budget 2024 we have calculated effective tax rates for a single person,

a single income couple and a couple with two earners. Table 6.1 (p6) presents the results of this analysis. For comparative purposes, the effective tax rates which existed for people with the same income last year and 10 years ago are presented.

The measures adopted in Budget 2024 provide another notable reduction in income taxation; building on large reductions in 2023. In 2024, for a single person with an income of €25,000 the effective tax rate will be 10.3%, rising to 16.9% for an income of €40,000 and 39.0% for an

income of €120,000. A single income couple will have an effective tax rate of 7.7% at an income of €40,000, rising to 17.5% for an income of €60,000 and 34.4% for an income of €120,000. In the case of a couple where both are earning and their combined income is €60,000 their effective tax rate is 13.1%, rising to 26.9% for combined earnings of €120,000. As chart 6.2 (p6) shows these effective tax rates have decreased considerably over the past two and a half decades for all earners.

Ireland's Overall Tax Take Remains Inadequate

Data accompanying Budget 2024 outlines Government's plans for taxation and spending over the next 4 years (to 2026). Over that period, assuming the policies signalled by Government are followed, overall tax receipts will climb from €85.57bn in 2023 to €102.6bn in 2026.

While the impact of the cost-of-living means that Budget 2024 has been framed in a period of continued uncertainty, it is a regret that it did not provide a more strategic perspective on the long-term direction of fiscal policy ignoring a clear message from the recent Commission on Taxation and Welfare.

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

Social Justice Ireland believes that over the next few years policy should focus on increasing Ireland's sustainable tax take. Simply, an increase in Ireland's overall level of taxation is unavoidable in the years to come; even to maintain pre-pandemic levels of public services and supports more revenue will need to be

collected. Consequently, an increase in the tax take is a question of how, rather than if, and we believe it should be of a scale appropriate to maintain current public service provisions while providing the resources to build a better society. In other publications we have outlined the details of our proposals.

As a policy objective, Ireland should remain a low-tax economy, but not one incapable of adequately supporting necessary economic, social and infrastructural requirements. We regret that Budget 2024 made limited progress on this issue.

The Impact of All Measures, April 2022 to 2024

Since the first energy credit in April 2022 Government has made a series of policy decisions in response to the cost of living crisis. On this page we bring together the impact of all changes since then. These capture: the household energy credits, lump sum increases in fuel allowances and the additional welfare payments an-

nounced throughout 2022, including in Budget 2023 (All measures in 2022); all of the 2023 welfare, taxation and energy credit measures implemented prior to the announcement of Budget 2024 (2023 pre-Budget 2024 measures); the welfare and energy credit measures announced in Budget 2024 for implementation before

the end of this year (Budget 2024 for 2023); and all of the welfare, taxation and energy credit measures announced for 2024 (Budget 2024 for 2024).

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, fami-

Table 8.1 Average Weekly Value (€) of all Cost of Living Measures plus all Tax and Benefit Changes, April 2022 to 2024

Welfare Dependent Households	All measures in 2022	2023 pre-Budget 2024 measures	Budget 2024 for 2023	Budget 2024 for 2024	% Temporary measures in 2024
Couple, 2 children (both under 12yrs)	20.61	47.24	20.57	43.17	35%
Couple, 2 children (both over 12yrs)	20.61	47.20	20.27	42.85	35%
Couple pensioner	28.93	38.35	17.89	38.66	41%
Couple, no children	14.33	35.44	9.53	33.09	40%
Lone parent, 1 child (over 12yrs)	27.30	29.51	18.17	27.25	41%
Lone parent, 1 child (under 12yrs)	27.14	29.49	18.02	27.09	41%
Single pensioner	28.83	23.61	17.37	23.08	48%
Single unemployed	11.67	23.61	6.88	22.21	46%

Households with Jobs	All measures in 2022	2023 pre-Budget 2024 measures	Budget 2024 for 2023	Budget 2024 for 2024	% Temporary measures in 2024
Single, job at the minimum wage	7.67	31.46	2.88	49.87	12%
Couple 2 earners at €200,000	7.67	39.51	2.88	38.99	15%
Single, job at the living wage	7.67	37.82	2.88	37.71	15%
Couple 2 earners at €150,000	7.67	39.51	2.88	37.56	15%
Couple 2 earners at €100,000	7.67	39.51	2.88	35.64	16%
Couple 2 earners at €80,000	7.67	39.51	2.88	33.81	17%
Couple 1 earners at €100,000	7.67	26.94	2.88	26.21	22%
Couple 1 earner at €60,000	7.67	26.94	2.88	25.44	23%
Single, job at €100,000	7.67	23.59	2.88	22.37	26%
Single, job at €120,000	7.67	23.59	2.88	22.28	26%
Single, job at €60,000	7.67	23.59	2.88	21.60	27%
Single, job at €40,000	7.67	23.59	2.88	19.78	29%
Couple 2 earners at €60,000	7.67	14.20	2.88	15.86	36%
Couple 2 earner & 2 children, at €60,000	13.04	18.05	8.24	15.86	36%
Single, 1 child, job at €30,000	7.67	13.25	5.56	13.12	44%
Single, job at €30,000	7.67	11.32	2.88	11.21	51%
Couple 1 earner at €30,000	7.67	8.45	2.88	7.37	78%
Couple 1 earner & 2 children, at €30,000	13.04	12.30	8.24	7.37	78%

lies with children, those unemployed and pensioner households. Overall the weekly impact on the households examined is large, ranging in 2024 from €22 to €43 a week for welfare dependent households and from €7 to €50 a week for households with jobs. However, there is a notable difference between the composition and distribution of these changes with permanent changes in 2024 (tax and core benefits) favouring higher income working households. Temporary changes (one-off credits and payments) are more concentrated among on lower incomes (see also p3).

Notes: Table includes all measures since the first energy credit in April 2022 to those announced in Budget 2024 for introduction in 2024. The analysis includes the increase to the minimum wage as a Budget measure. Low Income working households may also receive the Working Family Payment. Rounding may impact totals. Our June 2023 publication, *Tracking the Distributive Effects of Budget Policy 2023 Edition*, provides a further breakdown of the measures in 2022 (pre and post Budget 2023) and those in 2023 announced as part of Budget 2023 and as part of the further cost of living measures in February 2023. It is available on our website.

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

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

There is merit in undertaking this analysis

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

Temporary measures have helped narrow the rich-poor gap over the last two years; however, it looks set to grow again as these measures finish

Table 9.1 The Rich-Poor and Middle-Poor Gap following Budget 2024

	Rich-Poor Gap	Middle-Poor Gap
Rich: individual earner on €100,000 per annum		
Middle: individual earner on €40,000 per annum		
Poor: individual on jobseekers benefit		
Annual gap	€50,115	€29,987
Gap per week	€960	€575
Budget 2024 change in weekly gap	- €10.38	+ €2.59
Budget 2024 change in annual gap	- €541.88	+ €135.37

The Rich-Poor gap

This gap monitors the income of single individuals on jobseekers' benefit ('poor') and the disposable income (after income taxation and employee social insurance) of a single PAYE worker earning €100,000 ('rich'). The values of once-off cost of living supports are included. An annual income of €100,000 is chosen as representing very high income earners – it represents the top 6.5% of earners (180,000 earners) according to Revenue Commissioners data and is over twice average earnings.

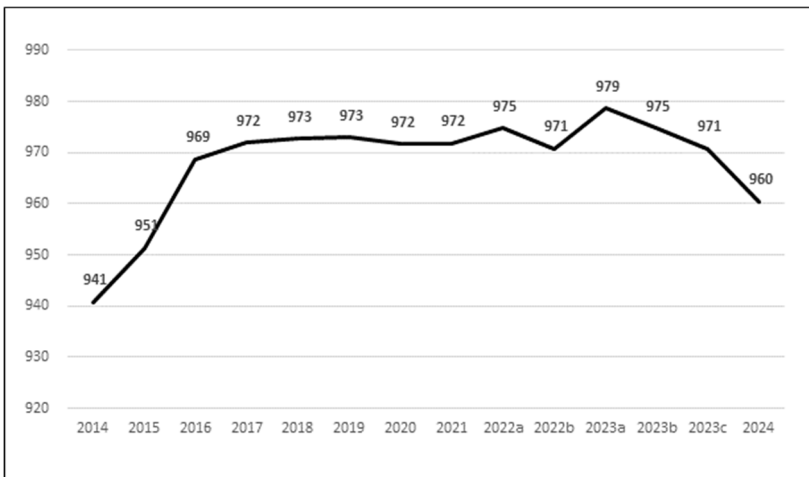
As a result of all of the tax, welfare and one-off temporary measures adopted in Budget 2024, the rich-poor gap will decrease by €10 per week (€542 per annum) in 2024. The cumulative rich-poor gap will stand at €960 per week (€50,115 per annum) in 2024. The gap has decreased driven by the effect of the temporary cost of living measures in Budget 2024. It is of note that the combined effect of the emergency energy crisis measures in 2022-24 saw this gap fall for the first time over the last ten Budgets in 2022. However, these temporary measures are not currently scheduled to repeat in 2024 when the gap is likely to grow once again.

The Middle-Poor gap

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

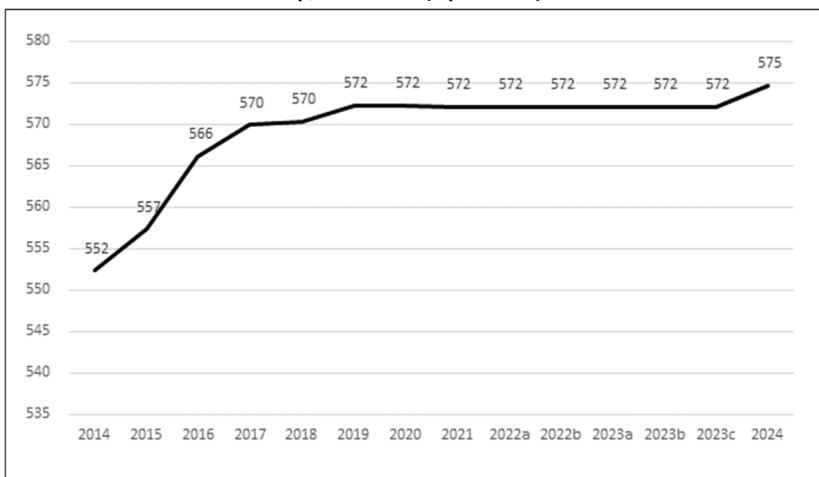
As a result of all the temporary and permanent measures adopted in Budget 2024, the middle-poor gap slightly grew. The cumulative middle-poor gap will be €575 per week (almost €30,000 per annum) next year. Overall, the middle-poor gap has grown by a total of €23 per week (€1,167 per annum) over the period 2014-2024.

Chart 9.1 The Rich-Poor Gap, 2014-2024 (€ per week)



Notes: 2022a is the outcome from Budget 2022, 2022b is the outcome at the end of 2022, 2023a is the outcome from Budget 2023, 2023b is the outcome after including the additional supports announced in Feb. 2023, 2023c is the outcome at the end of 2023 including measures for 2023 in Budget 2024, 2024 are the planned measures for 2024.

Chart 9.2 The Middle-Poor Gap, 2014-2024 (€ per week)



Notes: See notes to Chart 9.1

Vision for Savings Funds?

The speech of the Minister for Finance, alongside the documentation accompanying Budget 2024, highlights the large windfall corporate tax revenues being received by the state; amounts well above what can reasonably be expected in the longer-term.

Social Justice Ireland is concerned that there remains limited information for how the two new *Infrastructure, Nature and Climate Fund* and the *Future Ireland Fund* will be used. Given the scale of resources likely to arise over the next few years, some €40bn-60bn, Irish society needs to urgently engage in developing a worthwhile vision so that these funds are wisely invested. With careful management, and strategic investment in one-off infrastructure projects, we believe that Government, through a social dialogue process, should 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.

Tax Breaks: a warning

A worrying aspect of Budget 2024 is the scale of tax expenditures, or tax breaks, that have been included as part of the measures announced by the Minister for Finance. It is a reminder of past budgets, and past mistakes, when similar populist strategies were adopted with notable and negative consequences for the sustainability of the tax base and tax take. The Budget includes tax breaks for many measures including:

- The rental income of landlords;
- The Research and Development costs of companies;
- Capital allowances;
- Intergenerational wealth transfers;
- Profits made from start-up investments; and
- Mortgage Interest Relief.

The absence of detailed documentation to accompany these expensive measures, and justify their creation or extension, is a concern. It repeats mistakes made before and is a regret.

PRSI increase: welcome

The speech by the Minister for Public Expenditure included a welcome development regarding the funding of future pension costs. The Minister announced that all PRSI rates, both for employees and employers, will increase by 0.1% from October of 2024. This will bring the employee rate to 4.1% and that paid by most employers to 11.15%.

Social Justice Ireland has long called for the collection of more sustainable taxation, and social insurance, revenue so that the long term recurring expenditure challenges facing the state can be met. This initiative is a small and welcome step in the right direction and is expected to generate €240m in a full year.

We encourage the Government to repeat this initiative on an annual basis for the decades to come. Ireland's PRSI rates are low in international terms, and as the population ages there is a need to maintain a sustainable basis for providing the necessary benefits and supports from the social insurance fund.

Debt Costs Remain High

Ireland, like all other European countries and most other developed world states, relied on large scale borrowing to cope with the Covid-19 pandemic. Despite current windfall Corporate Tax revenues Ireland continues to have a large level of national debt and there are challenges associated with this in a period where interest rates are rising. Chart 10.1 reports the expected costs over the next few years. *Social Justice Ireland* believes that Government should prioritise the development of a European-wide debt warehousing strategy for the additional debt brought on by the Pandemic. This debt should be separated from the existing national debt and financed by a 100 year ECB bond with a near-zero interest rate.

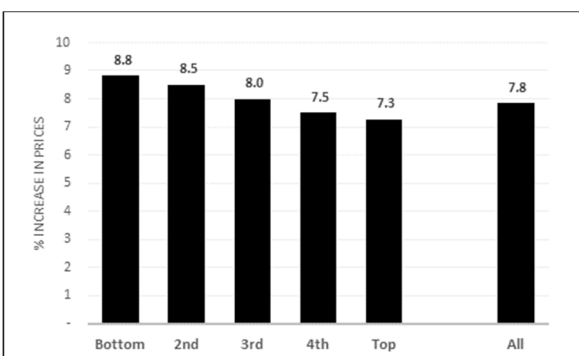
Chart 10.1 Debt Interest Cost €bn



Inflation Hits Lower Income Households Hardest

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

Chart 10.2 Inflation as Experiences across the Income Distribution - CSO data Jan 2022-March 2023 by income quintile



While the study finds that all households are experiencing significant price increases (7.8 per cent over the period examined), 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 continue to impactfully target these low income households and assist with the growing living cost challenges they face. Many Budget 2024 initiatives are welcome; more may be needed as inflation continues.

Minimum Wage Welcome

Social Justice Ireland warmly welcomes the Budget 2024 decision to increase the minimum wage by €1.40 per hour, bringing it to €12.70 per hour in 2024. The increase of 12.4% reflects the recommendation of the Low Pay Commission and is the largest increase to the minimum wage since it was introduced. The gross income of a low paid full-time worker on the minimum wage will be €55 per week (€2,800 per annum) higher in 2024 following this decision.

Chart 11.1 The Low Pay Gap

We welcome this as part of a move towards adopting a Living Wage and tackling low pay. However, the new rate is still €2.10 below the Living Wage of €14.80 as calculated by the Living Wage Technical Group.



Older People

The number of people aged 65+ now stands at 776,315, accounting for over 15 per cent of the population. More than 1 in 4 people aged 65+ live alone, increasing to 44 per cent for those aged 85+. Poverty among older people increased by 55,000 between 2021 and 2022, accounting for almost 1 in 5 older people and 1 in 3 of those living alone. *Social Justice Ireland* welcomes the increase of €12 per week to the State pension, the additional Cost of Living Payment, the additional €300 to Fuel Allowance recipients, and the €400 payment for older people on the Disability Pension and Blind Pension, but regret that this is grossly insufficient to cover inflation, resulting in a decrease in real terms. We further regret that Government did not take the opportunity to reform and universalise the State pension.

We further regret that the allocation of €9 million for Housing Adaptations falls far short of the necessary multi-annual funding to restore the Housing Adaptation Grants to 2010 levels.

Just Transition

Social Justice Ireland welcomed the commitment to a Just Transition in the Programme for Government and the Climate Action Plan. We welcome the establishment of the Infrastructure, Climate and Nature Fund in Budget 2024, and the additional funds of €165m from carbon tax revenues to support a Just Transition. We regret that Budget 2024 did not contain an allocation to support the establishment of the Just Transition Commission, and the establishment of an ongoing Just Transition Dialogue.

Transition is not just about reducing emissions. It is also about harnessing the benefits to transform both our society and our economy. While Budget 2024 contained some welcome measures, the long-term strategic investment required to build and deliver the services and infrastructure to support a Just Transition was absent.

Rural Ireland

While the additional funding allocation of €205m for rural development and €136m for the National Broadband plan are welcome, Budget 2024 failed to deliver the necessary resources in areas such as regional development, public and active transport and public services and infrastructure required to reinvigorate the regions and build thriving and resilient rural communities.

Social Justice Ireland proposed a regional investment package of €410m including €100m for regional development and transition aimed at sustainable agriculture, developing local cooperatives, supporting indigenous enterprises with a focus on the digital and green transitions, and promoting and supporting rural living. While additional resourcing is welcome, we regret that Government did not sufficiently invest in supporting rural Ireland becoming a realistic and attractive option for workers and for businesses, and to build resilience in the face of climate challenges. Overall the measures in Budget 2024 are insufficient to meet the challenges that rural areas face.

Disability

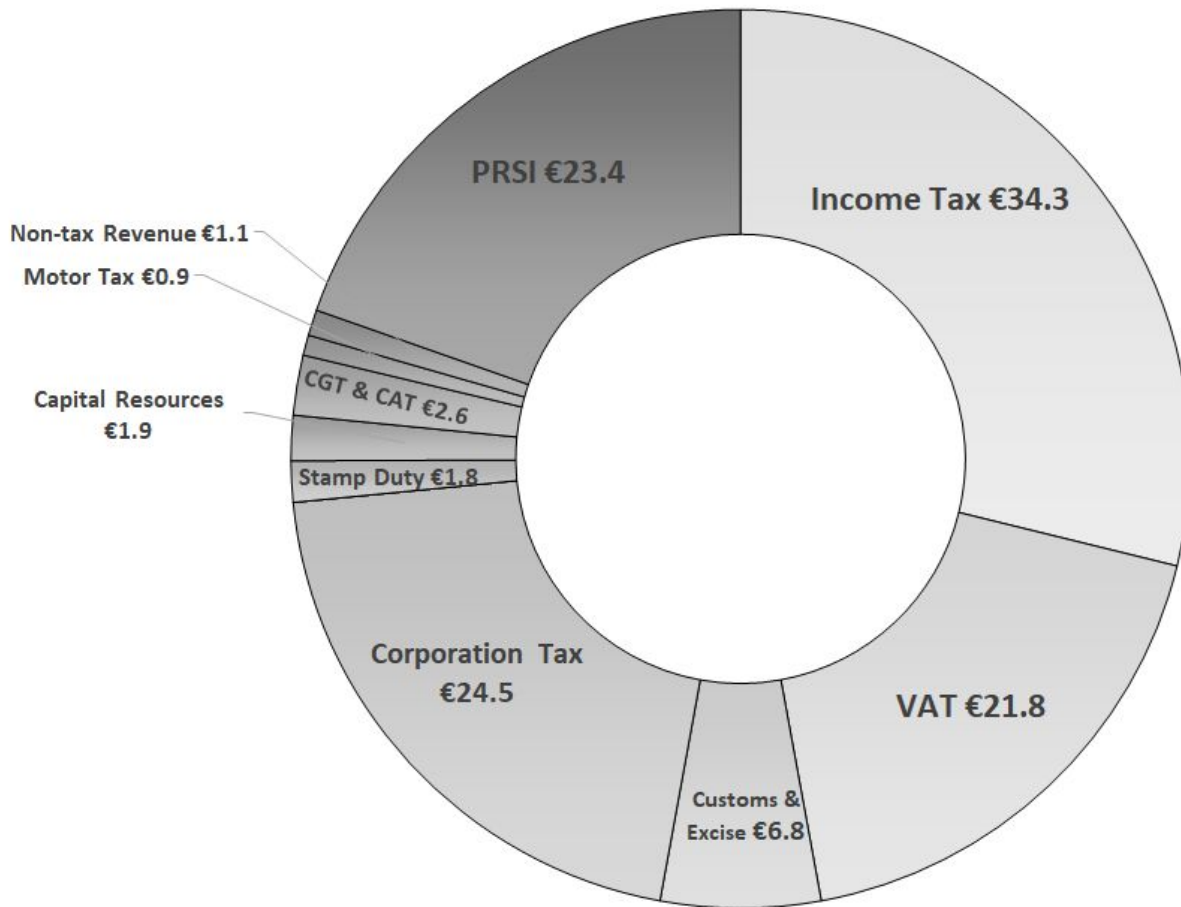
According to the latest Census data, 22 per cent of the population (1.1 million people) are living with a disability. The group in Irish society with the highest risk of poverty are those who are unable to work due to long-term illness or disability. 39.1 per cent of this group experience poverty, three times that of the general population.

Social Justice Ireland welcomes the increase of €12 per week to the disability payment and €200 one off Cost of Living support. We regret that Budget 2024 failed to take the necessary steps to improve services and funding for children and adults with a disability. The failure of Budget 2024 to introduce an ongoing cost of disability payment despite the findings of the Cost of Disability in Ireland report is concerning. The costs of disability are clear, and they are not one off. If people with a disability are to be equal participants in society, the extra costs generated by their disability should not be borne by them alone. Progress on this issue is long overdue.

Sustainability

The increased resources for circular economy programme including a Deposit and Return Scheme is welcome, as is additional funding solar and community energy upgrades and the extension of the 0 per cent VAT rate to solar panel installation on schools. We regret the lack of progress on improving access to the RESS auction, community energy advisors and enhancing our storage capacity. Budget 2024 was a missed opportunity to introduce a pilot Building Renovation Passport Scheme and a pilot Farm Sustainability Passport Scheme. It was also a missed opportunity to introduce a Commercial Air Transport Tax to ensure that air travel makes a contribution to carbon budgets in line with the 'Polluter Pays' Principle. Virtually all businesses continue to contribute to national climate targets through carbon taxes and challenging sectoral emissions ceilings. The exception is the highly profitable aviation industry.

Main Sources of Government Revenue - Budget 2024 €bn



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

Year-to-year Revenue Changes, €bn

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



Key Government Revenue Sources in 2024

Income tax = 29% of all revenue

VAT = 18% of all revenue

Corporation tax = 21% of all revenue

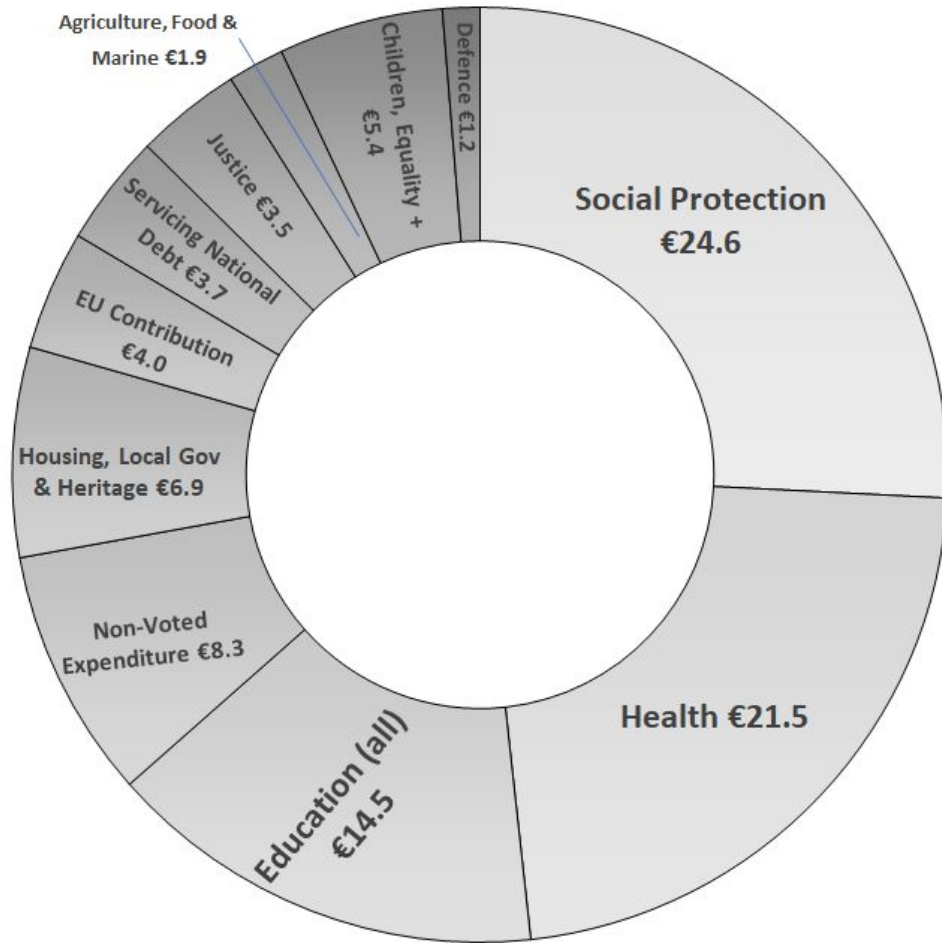
Social Insurance = 20% of all revenue

Main Revenue Changes for 2024

- Increased the Standard Rate Cut-off point by €2,000
- Reduced the 4.5 per cent Universal Social Charge rate to 4 per cent.
- Introduced one-year mortgage interest tax relief.

See pages 14 and 15 for further details and our response

Main Sources of Government Expenditure - Budget 2024 €bn



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

Year-to-year Expenditure Changes €bn

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

Social Protection ↑ €1.4bn

Health ↑ €0.1bn

Education ↑ €1.1bn

Debt Servicing ↓ €0.1bn

Notable Expenditure Developments for 2024

- The **Social Protection** budget in 2024 includes an increase in all core social welfare rates of €12 per week and an expansion of the Working Family Payment threshold.
- The **Health** budget in 2024 includes €808m to address demographic and service pressures and €13.2m to reduce waiting lists.
- The **Education** budget provides increased funding for 744 additional special education teachers and 1,216 additional Special Needs Assistants (SNAs).
- The **Further and Higher Education, Research, Innovation and Science** budget includes an increase in maintenance grant rates and thresholds in 2024.
- **Debt servicing** will amount to €3.7bn in 2024.

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

Taxation



The Context

- *Social Justice Ireland* believes that the core policy objective on taxation should be to collect sufficient taxes to ensure full participation in society for all, through a fair tax system in which those who have more pay more, while those who have less pay less.
- Anticipated tax revenue for 2024 is €92.6 billion, up from €88.3 billion in 2023.
- The estimated €10 billion ‘windfall surplus’ in 2024 should not be used as an excuse to reduce taxes.
- *Social Justice Ireland* welcomed many of the recommendations of the Commission on Taxation and Welfare (COTW), notably recommendation 4.1 which recommended increasing taxation and social insurance to meet long-term fiscal challenges.
- We believe that Ireland’s overall level of taxation should reach a level equivalent to €15,000 per capita in 2017 terms, increasing each year in line with growth in nominal GNI*.
- Key to enhancing fairness in the tax system is greater scrutiny of tax expenditures, which should be included as part of the annual Budget process.
- Income tax, corporation tax, VAT and excise duties account for 90 per cent of projected receipts. This narrow tax base poses a threat for the sustainability of Budget decisions into the future. Corporation tax receipts in August 2023 were €1 billion lower than forecast. Budget 2024 therefore presented an opportunity to broaden the tax base increase taxation to avoid future income shocks.

The Budget

Income Tax

- Increased the Standard Rate Cut-off point by €2,000.
- Increased tax credits by €100: Personal, Employee, Earned Income, Home Carer, Child Carer.
- Increased the Incapacitated Child Tax Credit by €200.

Full-year cost: €1,135m.

USC

- Increased the 2% Rate Band Ceiling by €2,840.
- Reduced the 4.5 per cent rate to 4 per cent.
- Extended the reduced rate of USC concession for medical card holders to 31/12/2025.

Full-year cost of USC changes: €400m.

Support for SME/Enterprise/Agri sectors

- Introduced new relief for angel investors in start-ups.

- Increased the cap on eligible expenditure under the Section 481 Film Relief to €125m.
- Increased the R&D tax credit rate from 25 per cent to 30 per cent.
- Extended Consanguinity (Stamp Duty) Relief to 31/12/2028.

Full-year cost of measures: €195m.

Housing

- Extended the Help to Buy Scheme to 31/12/2025 and included units purchased under Local Authority purchase scheme.
- Introduced one-year mortgage interest tax relief.
- Increased Rent Tax Credit to €750 and extended eligibility to students in digs.
- Introduced rental income relief for landlords at the standard tax rate; for 2024 worth €600.

- Increased vacant homes tax to five times LPT charge.

Full-year cost: €553m.

Climate and Environment

- Increased Carbon Tax to €56 per tonne.

Full year yield: €152m.

Excise Duty

- Deferred increase on fuels to 31/3/24.
- Increased duty on 20 cigarettes.

Full-year cost: €54m.

VAT

- Extended 9 per cent VAT for gas and electricity to 31/10/2024.

Full-year cost VAT measures: €305m.

Revised Bank levy: Revenue: €200m.

VRT

Extended VRT relief for battery vehicles.

Full-year cost: €30m.

Our Response

Social Justice Ireland welcomes:

- Increases in tax credits.; however, the increases should have been higher.
- The adjustment in the 2% USC Rate Band to accommodate the in-

crease in the National Minimum Wage.

- Confirmation that the Carbon Tax increase will go ahead in 2024.
- The increase in the excise tax on cigarettes and tobacco products.

- The increase in the Bank levy.
- The increase in the Vacant Homes Tax; however, no yield is shown.
- The extension of VRT relief to battery vehicles to 31/12/2025.

Taxation (continued)

Our Response

Social Justice Ireland regrets that:

- The focus of the Income Tax changes on increasing the Standard Rate Cut-off Point, given that this will be of no benefit to many lower paid taxpayers.
- The Help to Buy Scheme should not have been continued much less extended as it does not address the supply issue.
- For the same reason, the Rent Tax Credit should not have been extended.
- The new Rented Residential Relief for landlords will not increase housing supply.
- The Mortgage Interest Tax Relief is poorly targeted and will not reach many of those who are most in need of assistance.
- Many 'tax' opportunities were missed in Budget 24, including:
 - ⇒ Increasing further the Personal, PAYE, Earned Income, Home Carer, Child Carer tax credits.
 - ⇒ Standard-rating discretionary tax expenditures.
 - ⇒ Increasing the Minimum Effective Tax rate for higher earners.
 - ⇒ Introducing a Minimum Effective rate of Corporation Tax.
 - ⇒ Introducing a Site Value Tax.
 - ⇒ Increasing the rates for Capital Gains and Capital Acquisitions taxes from 33 per cent to 35 per cent.
 - ⇒ Removing the refundable element of the R&D Tax Credit.

Education



The Context

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

The Budget

- Extended Free School Books to Junior Cycle.
- Provided for 1,216 additional SNAs and 744 additional special education teachers.
- Provided a one-off increased capitation payment for schools to meet increased running costs.
- Provided a one-off reduction of €1,000 in student contribution and a one-off increase to Post Graduate Fee contribution grant.
- Increased the thresholds for maintenance grants and increased the rates of all non-adjacent maintenance grants by €615 and all adjacent maintenance grant rates by 10 per cent.
- Restored maintenance grants for students at postgraduate level.

Our Response

- We welcome the additional SNAs and additional special teaching posts. It is unclear how the current number of overall teaching posts is sufficient to deal with demographic pressures at primary and secondary education.
- We welcome the one-off allocation of €60m for school capitation grants, however regret the lack of clarity on long-term funding for schools to cope with increased costs.
- We welcome the extension of the Free School Book scheme to junior cycle and the extension of the Hot School Meals programme.
- We regret that Government did not commit to reducing class sizes and the pupil teacher ratio by 1 per cent to 2030.
- We welcome the one-off reduction of €1,000 in the student contribution at higher level, and the one-off increase of €1,000 in Postgraduate Fee grant.
- We welcome the removal of PLC fees and the increase in maintenance grant thresholds, increase in the non-adjacent and adjacent maintenance grant rates and additional funding for students with disabilities.
- Government missed the opportunity to invest in Technological Universities to align their output with digital and green skills needs and to develop regional living labs to support sectoral transitions at a regional level.
- While Budget 2024 contains an allocation of €60m to address student staff ratios, it is concerning that it does not contain an allocation to close the core funding gap of €307m as identified in 'Funding for the Future'.
- We regret Budget 2024 did not deliver the necessary resources to fully rollout the Adult literacy, numeracy and digital literacy strategy.



The Context

- That high rates of poverty and inequality persist in Ireland despite continuing “economic success” demonstrates that different decisions need to be made about how Ireland provides social protection.
- ⇒ 13.1% of the population, 671,000 people, were ‘at risk of poverty’;
- ⇒ Children are the age groups most likely to be poor, with just under 190,000 ‘at risk of poverty’ in 2022;
- ⇒ Just over 900,000 people experienced deprivation in 2022.
- Targeted supports for vulnerable groups are what is needed to make a lasting impact, not temporary or one off measures.
- Government has clear anti-poverty commitments in the Roadmap for Social Inclusion by 2025 and the United Nations Agenda 2030. Budget 2024 is yet another budget that has not adequately addressed the problem and is moving us even further away from achieving the goal.
- *Social Justice Ireland* has called for Government to benchmark social welfare rates to 27.5 per cent of average weekly earnings beginning with an increase of €25 a week in Budget 2024.
- The New Child Poverty and Wellbeing Programme Office Programme Plan commits to “ensuring a specific focus on child poverty at budget time”. Budget 2024 does not appear to have lived up to this promise.
- Recent sharp rises in inflation have impacted low and fixed income households disproportionately. Budget 2024 did not protect the living standards of those furthest behind.

The Budget

- Increased weekly primary social welfare rates by €12 with proportional increases for qualified adults and those on reduced rates.
- ⇒ Increase to all qualified child payments of €4 per week for both children under and over the age of 12.
- ⇒ A one off payment of €100 to all in receipt of a Qualified Child Payment in 2023.
- ⇒ Christmas bonus maintained for all social welfare recipients.
- Increased all pension payments by €12 a week.
- ⇒ A one off payment of €200 to those in receipt of the Living Alone Allowance in 2023.
- A one off payment of €300 to those in receipt of the Fuel Allowance in 2023.
- Increased the Working Family Payment thresholds by €54 per week.
- A one off payment of €400 to those in receipt of the Working Family Payment in 2023.
- A one off payment of €400 to those in receipt of the Carers Support Grant, Disability Allowance, Blind Pension, Invalidity Pension and Domiciliary Care Allowance in 2023.
- A double week payment for all social welfare weekly schemes in 2024.
- Child Benefit to be extended to children aged 18 still in full time second level education.
- A double payment of Child Benefit in 2023.
- A double payment of Foster Care Allowance in 2023.
- Three energy credit payments of €150 across 2023 and 2024.

Our Response

- *Social Justice Ireland* welcomes the €12 increase to primary social welfare rates but regrets that rates were not increased by €25. This was the very minimum necessary to maintain basic standards of living.
- ⇒ We note the €12 increase for young jobseekers but yet again, regret that rates were not equalised.
- It is regrettable given the large increases in basic living costs that social welfare rates will not be increased until January 2024.
- *Social Justice Ireland* regrets that Budget 2024 yet again, did not address the true cost of disability. Households with disabilities incur extra costs and are most at risk of poverty. A one off payment of €400 alongside the double week, whilst welcome does, not recognise that the costs linked to a disability are not temporary.
- It is regrettable that there was no increase to the basic rate of Fuel Allowance nor that the payment was extended to those in receipt of the Working Family Payment.
- It is regrettable that still no progress is being made towards a single rate Universal State Social Welfare Pension.
- Budget 2024 did not contain the measures that would tackle child poverty.
- Budget 2024 framed ‘temporary challenges being addressed by temporary measures’. Poverty in Ireland affects 671,000 people, 190,000 of those are children. Long term measures are needed to ensure income adequacy and a €12 core rate increase will push even more into poverty.

The Context

- With the exception of 2021, health expenditure has exceeded its allocation every year since 2015. Each year, *Social Justice Ireland* highlights the lack of planning for existing levels of service and demographic change, estimated to cost an additional €708 million next year. In 2022, the overrun was €1.3 billion.
- The continued failure to invest in the infrastructure required for the rollout of Sláintecare is having an impact on all areas of the health service.
- As of August 2023, there were 600,818 people on hospital waiting lists, awaiting outpatient care, with 1 in every 8 people on the waiting list waiting 18 Months+, and 14 per cent of the waiting list being children.
- A review of the provision of CAMHS published by the Mental Health Commission highlighted that children and young people have been “lost” in follow-up care, with 140 “lost” cases in one Community Healthcare Organisation. As of September 2022, 3,800 children and adolescents were awaiting service provision.
- A report by the Ombudsman for Children’s Office found 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 at the end of May 2022. The 2022 Public Service Performance Report also indicates that just 69.1 per cent of the targeted personal assistant hours were delivered and less than a quarter of the target of people moving from congregating settings was met.
- We are still awaiting a statutory right to homecare, with just 34 per cent of targeted intensive Home Care Packages being delivered in 2022.

The Budget

- Allocated €22.5bn (current & capital) €21.5bn core and €1.05bn non-core.
- Current Expenditure is €21.27bn.
- Additional €808m in core current funding and non core funding of €1,032m
- Of the additional core current funding provided €708m is to maintain existing levels of service (ELS) including demographics and inflation etc with €100m provided for new measures.
- €38.9m delivery of additional capacity: funding for increased staff for beds across Acute and Community settings; Development of surgical hubs; ICT Capital Plan incl National Patient App and virtual care model.
- €40.4m for Workforce and Reform including reform measures such as Safe Staffing; increased consultant numbers; increased GP training places and reform measures towards regionalization of Health Service.
- €13.2m improves access for patients including Urgent Emergent Care Plan and Waiting List Action Plan
- €7.5m for Better Services for expansion and continued development across acute and community services including CAMHS, new-born screening and health and well being initiatives.
- €1.2bn in capital funding from the agreed NDP allocations to provide additional health infrastructure.
- Funding has been provided to expand the Nursing Home Support scheme for older people together with increased funding for Home Support workers
- Additional funding has been provided for social inclusion targeted at addiction treatment services and daycare for people experiencing homelessness.

Our Response

- When the overrun in health expenditure in 2022 and current projections of a €1.3bn end of year deficit in 2023 are taken together with the overhang in demand from the covid 19 pandemic, it is clear that the budget provision of €808m to cover ELS and new services is inadequate and will undermine progress in the implementation of Sláintecare . It appears likely that the one-off provision of €1bn in non-core funding will be used in 2024 to cover the inevitable core budget overruns.
- We welcome the commitment to target reductions in waiting lists in both acute and community services under the Urgent and Emergency Care Plan and the Waiting List Plan.
- The provision of €38.9m to expand acute and community beds as well as progress in development of surgical hubs is a positive first step in addressing the shortage in bed capacity , however the scale of provision will need to be accelerated in future years if patient demands are to be met and trolley waits in EDs reduced .
- The provision of additional GP training places, advanced nurse practitioners as well as the safe staffing initiative as part of a €40.3m investment is a positive development as is the emphasis on delivery of the regionalization in line with Sláintecare.
- Given *Social Justice Ireland’s* long standing advocacy of primary care teams and networks and the necessity to shift the focus towards community based service we welcome the acknowledgement of the Enhanced Community Care programme and the success in recruitment of additional primary care staff as envisaged in Sláintecare.

Work, Unemployment and Job Creation



The Context

- *Social Justice Ireland* believes the core objective of this area should be to ensure that all people have access to meaningful work. This includes caring work and work in the community, and is not synonymous with paid employment.
- The unemployment rate in August 2023 was 3.1 per cent.
- Almost 6 per cent of people in work were living on incomes below the poverty line in 2022.
- In Q2 2023, there were 2.6 million people in the labour force, of which over 2 million were in full-time employment.
- Of the 559,100 people in part-time employment, 1 in 4 were underemployed, meaning that they were working part-time and willing and available to work additional hours.
- Wage growth, at between 4-5 per cent, continues to lag behind inflation, which was 6.3 per cent in the year to August.
- According to the Living Wage Technical Group, of which *Social Justice Ireland* is a member, the real Living Wage for 2023/24 is €14.80 per hour, an increase of 95c on the 2022/23 rate. This increase is primarily driven by rising energy and food costs, which fueled two-thirds of the required increase in the Living Wage rate.
- Disparities in the National Minimum Wage for young employees means that those aged 20+ earn 43 per cent more than those aged under-18 for doing the same job. While those aged 18 earn 25 per cent less than the full rate.
- According to Census 2022, there are almost 300,000 people providing care in Ireland, 6 per cent of the population, and an increase of more than 50 per cent compared to Census 2016.

The Budget

- Increased the National Minimum Wage by €1.40 per hour to €12.70 per hour.
- Created over 16,000 craft apprenticeships at a cost of €67 million and increased access for under-represented groups through the apprenticeship bursary.
- Introduced a one-off reduction of 33 per cent in the contribution fee for apprentices in higher education.
- Reduced the minimum weekly hours threshold for eligibility for the Wage Subsidy Scheme from 21 to 15 hours.
- Increased funding for Local Enterprise Offices by €9 million.
- Increased funding for the Workplace Relations Commission by €1.7 million.
- Reduced the 4.5 per cent USC rate to 4 per cent and increased the entry threshold to €25,760.
- Increased the personal, Employee PAYE, and earned income tax credits by €100 each.
- Increased the standard rate cut-off by €2,000 to €42,000.
- Increased both the home carer tax credit and the single person child carer credit by €100.
- Raised the income threshold for the Working Family Payment (WFP) by €54 per week.
- Increased the Carer's Allowance Means Test disregard to €450 for a single person and €900 for a couple.
- Included a Cost of Living Support payment to carers, and a €400 one-off payment for people in receipt of the Carer's Support and WFP.

Our Response

- *Social Justice Ireland* welcomes the increase the National Minimum wage; however we regret that this increase does not reach the rate of the Living Wage, now set at €14.80 per hour.
- We further welcome the creation of additional craft apprenticeships, the increased access for under-represented groups, and the reduction in the contribution fee for apprentices in higher education.
- The reduction in the minimum weekly hours threshold for the Wage Subsidy Scheme is also welcome, however we regret that the rate of the subsidy was not increased.
- While we welcome that a worker on €42,000 a year will receive €14.22 more in their pockets per week under new tax measures, this does not properly account for the current rate of inflation or the cumulative impact of inflation over the past two years.
- While we welcome the increase of carer tax credits by €100, we regret that the increase does not adequately support carers.
- The increase to the income threshold for the Working Family Payment and €400 one-off support for people in receipt of this payment is welcome, however we regret that the Fuel Allowance was not extended to recipients of this payment to support them with increased costs this winter.
- We welcome the increases to the Carer's Allowance Means Test disregards, but regret that the Domiciliary Care Allowance was not increased to €355, and that the Free Travel Scheme was not extended to recipients.

Public Finances 2022 — 2024

Below we outline the government finances for 2024 and the preceding two years. The current budget comprises the income (or receipts) and expenditure associated with the day-to-day running of the country. Income includes revenue from taxation and flows of funds to the government from other sources. Collectively these give a figure for the total income expected by the government. Expenditure includes interest payments on the national debt, contributions to the European Union, and the costs associated with the day-to-day running of Ireland's economic and social services.

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

<i>Rounding may impact on totals</i>	2022	2023	2024
CURRENT BUDGET	€m	€m	€m
Expenditure			
Gross Voted Current Expenditure	77,840	81,495	83,395
Non-Voted (Central Fund) Expenditure	7,765	7,795	8,280
Gross Current Expenditure	85,605	89,290	91,675
less Receipts and Balances	15,865	16,300	16,560
Net Current Expenditure	69,740	72,990	75,115
Receipts			
Tax Revenue	83,130	88,305	92,575
Non-Tax Revenue	2,440	2,055	1,105
Net Current Revenue	85,570	90,360	93,680
CURRENT BUDGET BALANCE	15,830	17,370	18,565
CAPITAL BUDGET			
Expenditure			
Gross Voted Capital Expenditure	10,930	11,885	13,185
Non-Voted Capital Expenditure	5,185	5,250	5,550
Gross Capital Expenditure	16,115	17,135	18,735
less Capital Receipts	65	45	40
Net Capital Expenditure	16,050	17,090	18,695
Capital Resources	5,205	1,910	1,935
CAPITAL BUDGET BALANCE	-10,845	-15,180	-16,760
EXCHEQUER BALANCE	4,985	2,190	1,805
GENERAL GOVT BALANCE	8,505	8,790	8,360
<i>% of GNI*</i>	3.1	3.0	2.7

ODA and Climate Finance



There is a lack of transparency on the composition of Ireland's overseas development aid that makes calculating progress towards the UN target of 0.7 per cent of national income almost impossible. The conflation of Climate Finance with ODA distorts reality - we are further behind in fulfilling our commitments than we claim. This is further compounded by the inclusion of €900m spent in Ireland to support Ukrainian migrants as part of the overall ODA spend (Irish Aid, 2023). Ireland must separate out our ODA and climate finance commitments, and make a clear distinction from in-country expenditure. In both Irish Aid's Climate and Environmental Finance Report 2020 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. Our calculations suggest that this would equate to roughly 73 per cent of Ireland's actual share of the Climate Finance target.

Social Justice Ireland welcomes the €776.5 million allocation to international aid in Budget 2024, however this is insufficient to meet our obligations. Greater clarity is also needed to distinguish between ODA, Climate Finance, and humanitarian assistance to people seeking refuge in Ireland.

The SDGs



Social Justice Ireland monitors Ireland's performance towards achieving the SDGs through our annual Sustainable Progress Index. The latest version of the Index shows that Ireland is ranked 8th out of the 14 countries on the economy (Social Justice Ireland, 2023). Ireland's Sustainable Development Goals National Implementation Plan 2022-2024 is guided by five strategic priorities policy coherence, integration, partnership and engagement, leave no one behind and reporting and monitoring. If Ireland is to achieve the SDGs by 2030, national targets for each SDG and new and ambitious policy measures are required. We are disappointed that Budget 2024 did not provide additional funding to allow the Central Statistics Office (CSO) to align its Sustainable Development Indicators with the National Implementation Plan so that Ireland has a comprehensive set of data to measure progress.

We also await a comprehensive five-year plan containing measures to support the CSO to develop Ireland's System of Environmental-Economic Accounts (SEEA) and how it will be incorporated into the National Development Plan. This would include all proposed environmental taxation changes; details of the energy efficiency and renewable energy projects that this revenue will fund over; circular economy strategy for Ireland; and mitigation and transition programme.

SOCIAL WELFARE: Social Insurance weekly rates in 2024

PERSONAL AND QUALIFIED ADULT RATES	Present Rate	New Rate	Change
	€	€	€
<u>Jobseekers Benefit</u>			
Personal rate	220.00	232.00	12.00
Person with qualified adult	366.00	386.00	20.00
<u>State Pension (Contributory)</u>			
Personal rate	265.30	277.30	12.00
Person with qualified adult (under 66)	442.00	462.00	20.00
Person with qualified adult (66 or over)	503.10	525.90	22.80
Personal rate (aged 80 or over)	275.30	287.30	12.00
Person (aged 80 or over) with qualified adult (under 66)	452.00	472.00	20.00
Person (aged 80 or over) with qualified adult (66 or over)	513.10	535.90	22.80
<u>Widow's/Widower's Contributory Pension</u>			
Personal rate (under 66)	225.20	237.20	12.00
Personal rate (66 - 79)	265.30	277.30	12.00
Personal rate (80 or over)	275.30	287.30	12.00
<u>Invalidity Pension:</u>			
Personal rate	225.50	237.50	12.00
Person with qualified adult	386.60	407.20	20.60
<u>Carer's Benefit</u>			
Personal rate (caring for one person)	237.00	249.00	12.00
<u>Maternity Benefit</u>			
Personal rate	262.00	274.00	12.00
<u>Occupational Injuries Benefit - Death Benefit Pension</u>			
Personal rate (under 66)	250.50	262.50	12.00
Personal rate (66 - 79)	269.70	281.70	12.00
Personal rate (80 or over)	279.70	291.70	12.00
<u>Occupational Injuries Benefit - Disablement Benefit</u>			
Personal rate (maximum)	251.00	263.00	12.00
<u>Illness Benefit</u>			
Personal rate	220.00	232.00	12.00
Person with qualified adult	366.00	386.00	20.00
<u>Injury Benefit/Health and Safety Benefit</u>			
Personal rate	220.00	232.00	12.00
Person with qualified adult	366.00	386.00	20.00
<u>Guardian's Payment (Contributory)</u>			
Personal rate	203.00	215.00	12.00
<u>Increases for a Qualified Child</u>			
All schemes in respect of children under 12	42.00	46.00	4.00
All schemes in respect of children over 12	50.00	54.00	4.00
<u>Child Benefit</u>			
Rate per child (all children)	140.00	140.00	0.00
<u>Living Alone Allowance (All Relevant Schemes)</u>			
	22.00	22.00	0.00

SOCIAL WELFARE: Social Assistance weekly rates in 2024

	Present Rate	New Rate	Change
	€	€	€
<u>Jobseeker's Allowance</u>			
Personal rate (18 to 24 years)	129.70	141.70	12.00
Person with qualified adult	259.40	283.40	24.00
Personal rate (25 years and over)	220.00	232.00	12.00
Person with qualified adult	366.00	386.00	20.00
<u>State Pension (Non-Contributory)</u>			
Personal rate	254.00	266.00	12.00
Person with qualified adult (under 66)	421.80	441.70	19.90
Personal rate (aged 80 or over)	264.00	276.00	12.00
Person (aged 80 or over) with qualified adult (under 66)	431.80	451.70	19.90
<u>Widow(er)'s Non-Contributory Pension</u>			
	220.00	232.00	12.00
<u>Carer's Allowance</u>			
Aged under 66 (caring for one person)	236.00	248.00	12.00
Aged 66 or over (caring for one person)	274.00	286.00	12.00
<u>Disability Allowance</u>			
Personal rate	220.00	232.00	12.00
Person with qualified adult	366.00	386.00	20.00
<u>Farm Assist</u>			
Personal rate	220.00	232.00	12.00
Person with qualified adult	366.00	386.00	20.00
<u>Guardian's Payment (Non-Contributory)</u>			
	203.00	215.00	12.00
<u>Living Alone Allowance (All Relevant Schemes)</u>			
	22.00	22.00	0.00
<u>One-Parent Family Payment</u>			
Personal rate with one qualified child (up to age 12)	262.00	278.00	16.00
<u>Increases for a Qualified Child</u>			
All schemes in respect of children under 12	42.00	46.00	4.00
All schemes in respect of children over 12	50.00	54.00	4.00

Budget 2024: Public Participation and Communities

Since their inception in 2014, the Public Participation Networks (PPNs), operating in every local authority, are a vital link between national and local Government policy making. They have grown year on year, in size and strength, bringing the community voice to the local authority decision making arena. *Social Justice Ireland* continues to work closely with the PPNs and is therefore disappointed to note, yet again, the lack of detail and Government commitment in respect of the allocations of funding for PPNs and their staff into the future.

Of interest to the PPNs, their members and the wider communities within which they work, are the additional allocations to programmes such as Tidy Towns and Agricultural Shows (€2m), the Local Improvement Scheme (€1.8m), Local Community Development Committees (€1m), Water Safety Ireland (€4m) Community Recognition Fund and SICAP (€21m), Sports and Recreation services

(€183m), Gaeltacht (€100m), transport services for the offshore islands (€0.5m), Connected Hubs infrastructure (€0.5m) and a Shared Ireland Civil Society Fund (€0.6m).

These are key initiatives which deliver important services to disadvantaged areas, such as social networks and education, meals on wheels, community childcare, supports for disabled people, community centres and so on. While these additional allocations are welcome, they represent only a fraction of what is needed to sustain these community supports.

Of particular concern is the lack of support and funding to the Community Services Programmes to take into account rises in the rate of the National Minimum Wage. Government relies heavily on the Community and Voluntary sector, especially in response to the Covid-19 pandemic and the war in Ukraine and must therefore ensure adequate funding.

The Socio-Economic Context of Budget 2024

Table 23.1: Ireland's Social and Economic Context - Budget 2024			
Population		Housing and Homelessness	
Population (April 2013 / 2023)	4.59 / 5.28 million	Current Social Housing Waiting List	57,842 households
% of population older than 65 in 2016/2036	13.3% / 20.6%	Approximate number of households in need of sustainable housing	133,000
% of population older than 80 in 2016/2036	1.5% / 3.2%	Homeless adults (Sept 2021 / Aug 2023)	6,131 / 8,796
Net migration (year to April 2022/ year to April 2023)	51,700 / 77,600	Homeless children (Sept 2021 / Aug 2023)	2,344 / 3,895
Net migration (year to April 2022 / year to April 2023) of Irish nationals	-2,100 / -900	Adult/child homelessness (% change since September 2021)	+43% / +66%
Income, Poverty and Inequality (SILC 2022)		Labour Market (all figures Q2 2023, unless otherwise stated)	
Average Equivalised Disposable Income in 2022	€29,965	Labour Force (Number / change in previous 12 months)	2.76mill / +89,800
Median Equivalised Disposable Income in 2022	€26,257	Employment (Number / % change in previous 12 months)	2.64mill / +88,400
Poverty line 2022, based on 60% of the Median Disposable Income, 1 adult (week/year)	€318.53 / €16,621	Unemployment (Number / %)	121,200 / 4.4%
Poverty line 2022, 2 Adults (week/year)	€528.75 / €27,590	Youth Unemployment Rate (2022 / 2023)	11.4% / 12.2%
Poverty line 2022, 1 Adult + 1 Child (week/year)	€423.64/ €22,106	Long-term unemployment rate (2022 / 2023)	1.2% / 1.2%
Poverty line 2022, 2 Adults + 2 Children (wk/yr)	€738.98/ €38,560	National Minimum Wage 2024 (per hour / 39 hr week)	€12.70/ €495.30
Living in poverty in 2022 (% / people)	13.1% / 671,000	Living Wage 21/22 (per hour / 39 hr week)	€14.80 / €577.20
Children in poverty in 2022 (% / people)	15.2% / 190,000	Average Weekly Earnings	€909.77
Experiencing enforced deprivation in 2022 (% / people)	17.7% / 907,000	Social Welfare	
Experiencing consistent poverty in 2022 (% / people)	5.3% / 271,500	Jobseekers Benefit: Personal rate / Increase for qualified adult	€232 / €154
Poverty rate in 2022 (Urban vs Rural)	12.3% vs 14.7%	Jobseekers Allowance: Maximum Personal Rate / Rate for those aged 18-24	€232 / €141.70
Deprivation rate in 2022 (Urban vs Rural)	17.7% vs 17.7%	State Pension: contributory / non-contrib	€ 277.30/ €266.00
Ratio of bottom 20% to top 20% in income share (2021/2022)	3.8 / 4.0	Child Benefit (flat rate for all children)	€140 per month
Gini coefficient 2007 / 2017 / 2022	31.7 / 31.5 / 28.0	Minimum Social Welfare Payment (1 adult)	€232.00
At risk of poverty rate (2022) Northern and Western / Southern / Eastern and Midland	18.0 / 14.0 / 8.0	Minimum Essential Standard of Living (MESL) — working age adult living alone (urban/rural)	€276.12 / €327.10 per week

Sources: CSO population projections; CSO SILC data; CSO Labour Force Survey; Department of Housing, Planning and Local Government; Housing Agency; NERI; Budget 2024 Comprehensive Expenditure Report; Central Bank; ESRI; Various other Government Departments and Agencies

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

Budget 2024 — Key Numbers, Data & Trends

To accompany Budget 2024, the Departments of Finance and Public Expenditure and Reform have published a series of documents detailing the changes announced in the Budget. Throughout this *Analysis and Critique*, we have examined various aspects of these changes.

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

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

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

tails Government projections in inflation, the labour market, and the size of budgetary adjustments.

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

National Income		Inflation and the Labour Market	
Nominal GDP/GNI* in 2022 (€ billion)	506.3 / 273.1	Core Inflation in 2023 / 2024 (%) (HICP)	5.3 / 2.9
Nominal GDP/GNI* in 2023 (€ billion)	537.4 / 292.8	Total Employment (millions) (2022/2023/2024)	2,547 / 2,635 / 2,670
Nominal GDP/GNI* in 2024 (€ billion)	574.9 / 307.2	Unemployment rate change (%) (2022/23/24)	4.5 / 4.1 / 4.2
Real GDP growth (%) 2022 / 2023 / 2024	9.4 / 2.0 / 4.5	Proj. employment growth (%) (2022/23/24)	6.6 / 3.4 / 1.3
Real GNI* growth (%) 2022 / 2023 / 2024	6.7 / 2.0 / 2.0	Taxation	
Exchequer Budgetary Position		Income Taxation - lower rate / higher rate	20% / 40%
Current Budget Balance, 2024 (€m)	18,565	Employer PRSI / Employee PRSI	11.15% / 4.1%
Capital Budget Balance, 2024 (€m)	-16,760	USC on incomes of €12,012 or less:	Exempt
Net Capital Expenditure, 2024 (€m)	18,695	USC, €0 - €12,012	0.5%
Government Expenditure Ceiling 2024 (€m)	96,580	USC, €12,012.01 - €25,760	2%
Government Expenditure Ceiling 2023 (€m)	93,380	USC, €22,920 - €70,044	4%
General Government Balance 2024 (€m)	8,360	USC, €70,045 +	8%
General Government Balance 2023 (€m)	8,790	USC, €100,000.01+ (Self employed)	3% surcharge
General Govt Balance 2023/24 (% GNI*)	3.0 / 2.7	Capital Gains Tax Rate	10%* / 33%
Change in personal consumption (% 2023/24)	3.3 / 3.2	Size of Budgetary Changes in 2024	
Change in modified domestic demand (Q1 2023 / Q1 2024)	-0.2 / 0.2	Income Tax Changes (Full Year) (€m)	1,135
Gross Debt Ratio as % of GNI* in 2024	72.3	USC Changes (Full Year) (€m)	400
Interest on National Debt 2022 (€m / % GNI*)	3,700 / 1.4	Exchequer Balance (€bn)	1.805
Interest on National Debt 2023 (€m / % GNI*)	3,260 / 1.1	Gross Voted Expenditure (€m)	96,578
Interest on National Debt 2024 (€m / % GNI*)	3,685 / 1.2	Total Expenditure Package (€bn)	12.3

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



Budget 2024—Repeating Past Mistakes

Budget 2024 has repeated the same mistakes as its predecessor. Decisions taken by Government, and the reliance on one-off measures to support low income households in last year’s Budget widened the rich/poor gap by €199 and the inadequate increase in core social welfare rates left Ireland’s poorest worse off in 2023 compared to their situation in 2022. In Budget 2024, Ireland’s poorest are, again, left worse off than they were. While it is true that the rich/poor gap decreases as a result of one-off payments, it is clear that the gap will rise again next year (p.9).

A lesson from past experiences of economic recovery and growth is that the weakest in our society get left behind unless welfare increases track increases elsewhere in the economy. Even after the provision of social welfare payments, in 2022 (the latest data available) there were more than 671,000 people in Ireland living below the poverty line. Of these almost 190,000 were children. If Government is serious about meeting its own poverty targets and supporting house-

holds on the lowest incomes who, through good and bad economic times, struggle to make ends meet, then a minimum increase of €25 in core social welfare rates was required in Budget 2024. Adequate levels of social welfare are essential to addressing poverty.

Budget 2024 includes billions of euros in one-off measures intended to ease cost-of-living pressures without taking on new annually recurring spending commitments. 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.

Budget 2024 should have been guided by one core principle, that the measures adopted prioritise the protection of the most vulnerable groups in our society. Evidence con-

tinues to highlight that it is lower income households that are most exposed to the rising cost of living, households that have the least capacity to absorb these higher day-to-day living costs.

The Economic & Fiscal Outlook showed that Government has the resources to protect the most vulnerable groups in Irish society while also making strategic investments in long-term infrastructure projects in areas such as social housing provision and achieving our climate targets. It is therefore disappointing that this was not done.

In our *Budget Choices 2024* briefing we called for part of the once-off windfall tax gains should be invested, but only in one off infrastructure projects, and accounted for separately. As well as that, the normal budget should have been presented using the regular budget process. This would mean that Government could then ensure that regular Budget expenditure is funded through recurring revenue and would avoid sudden surprises associated with decreases in revenue when the windfall taxes no longer flow.

Some recent Publications from Social Justice Ireland

[Budget 2024 - Child Poverty](#)

[National Social Monitor - An End to Child Poverty?](#)

[Europe from Pandemic to Polycrisis - A review of the social situation in Europe](#)

[Budget Choices 2024](#)

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

[Social Welfare Rates: Budget 2024](#)

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

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

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



Rialtas na hÉireann
Government of Ireland



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

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