SOCIAL JUSTICE IRELAND

working to build a just society

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Social Justice Ireland

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Budget Choices

Pre-Budget Submission, Budget 2025

Ireland faces major transitions in the years ahead – demographic, digital, economic and environmental. If we are to be ready to take on these challenges, Budget 2025 must focus on building resilience across our society and economy. Doing so requires investment in our infrastructure, services and people.

Social Justice Ireland proposes that Budget 2025 be split in two to ensure transparency and accountability. It also proposes that Budget 2025 be guided by one core principle: that the measures adopted prioritise the protection of the most vulnerable groups in Irish society.

Cost-of-Living, Poverty and Deprivation

Eurostat's annual price survey, published in June 2024, shows Ireland is the second most expensive country in the EU with prices 41.8 per cent above the EU average. In 2015, the same agency showed Ireland's prices were 28 per cent above the EU average. However, in Ireland these Scandinavian prices are not matched by Scandinavian salary levels.

Despite declining inflation, cost-of-living pressures remain a challenge for those on the lowest incomes. The latest poverty figures in Ireland show almost 560,000 people are living in poverty, of which nearly 177,000 are children. While the number at risk of poverty has fallen, the deprivation rate has actually risen to 913,717 people, reflecting the damaging impact cost-of-living pressures. Also of concern is the 145,561 people in work who are below the poverty line - a reality that raises serious questions about a considerable section of the employment in our economy.

Equality and Adequate Incomes

Government should use its final Budget to close the income gaps which have opened as a result of temporary measures in last year's budget. One-off measures, concentrated among welfare dependent households and low income workers, ultimately disappeared while tax reductions that benefit the better-off remain.

If we are to take poverty seriously, we must invest in adequate incomes. Core social welfare rates must increase by €25 in Budget 2025, and Government must commit to benchmarking social welfare rates to average weekly earnings if it is to have any impact on reducing poverty and meeting its own targets.

Infrastructure and Services Inadequate

Ireland's infrastructure and social services have been inadequate in areas such as housing, public transport and healthcare for years. Securing the future wellbeing and prosperity of Irish society does not depend solely on sound public finances, it also requires resilience in our infrastructure and services. Sufficient investment is essential if we are to manage demographic change. It is imperative that Budget 2025 address the deficits in our infrastructure and services in a manner that is fiscally responsible and socially fair.

Windfall Tax Revenue

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

Policy Briefing is a regular publication issued by Social Justice Ireland. It addresses a wide range of current policy issues from the perspective of the common good.
Comments, observations and suggestions on this briefing are welcome: secretary@socialjustice.ie

Budgetary Stance and Proposals

Continued from Page 1

Proposed Stance: Splitting the Budget in Two

Budget 2025 should outline a clear plan for the management of the anticipated windfall revenues in the long-term interests of Irish society. The creation of the Future Ireland and Infrastructure, Climate and Nature funds was a positive step last year. However, while these funds support *future* capital spending, Government should also harness windfall revenue to address *existing* deficits in infrastructure and services if we are to enhance our long-term social and economic resilience.

To achieve these desirable outcomes, *Social Justice Ireland* is proposing that Budget 2025 be split in two as follows:

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

A New Social Contract in Pursuit of the Common Good

Proceeding as we have done in recent years will not address the challenges Ireland faces. A new Social Contract in pursuit of the Common Good is needed. This new Social Contract should be focused on building a sustainable economy that delivers for everyone. *Social Justice Ireland* has set out five over-arching goals that are essential to the Common Good: to deliver a vibrant economy, decent services and infrastructure, just taxation, good governance and sustainability.

Crucially, however, these five policy outcomes must be addressed simultaneously. It is not sufficient to prioritise economic development with the argument that this will produce the resources to achieve the other four outcomes. These over-arching goals should underpin the last budget of this Government in order to shape public policy in the year ahead.

All five Pillars of Social Dialogue (employers, trade unions, farmers, community/voluntary and environmental) should be involved in the development and implementation of the new Social Contract. Nothing less will do if we are to succeed in effectively addressing the third major economic upheaval of the twenty first century.

Packages Proposed for Budget 2025

In the following pages *Social Justice Ireland* sets out a series of proposals (and costings) to address all the issues identified here. A summary of all the proposals is set out on page 18. Proposals for the reform of taxation are also set out. These are the choices we believe Government should make in Budget 2025.

Securing Ireland's future does not depend solely on building resilience in our public finances, it also requires investment in our infrastructure, services and people

Major Packages Proposed include:

Housing: €31m net package including an increase in stamp duty for transfers of property exceeding €1m, an end to the Help to Buy Scheme and investment in homelessness prevention. A further €1.75bn to be invested from the windfall surplus for the construction of social housing. (p. 8)

Just Transition: €370m net package including investment in renewable energy, biodiversity, Just Transition and the Circular Economy, an aviation tax on commercial flights, and investment in climate research. A further €1bn to be invested in off-shore wind infrastructure. (p. 14)

Healthcare, carers and disability: €942m investment prioritising social and community care, disability, and mental health. A further €600m for Sláintecare infrastructure. (p. 11)

Children and Families: €1,545m investment in an increase to Child Benefit, the qualified child payments, Early Childhood Care and Education, and child protection. (p. 12)

Rural, Regional and Community Development: €593m investment prioritising the regional development and transition, rural transport, integration, and community schemes. (p. 10)

Education: €543m investment in areas such as reducing class sizes, adult literacy, DEIS, skills development, community education, digital education and higher education. (p. 12)

Pensions and Older People: €1,144m prioritising a universal pension, investment in social care and Home Care Packages and increased funding for nursing homes. (p. 13)

Overseas Development and World Hunger: An investment package of €1bn to move towards the UN target of 0.7per cent of national income, properly resource our Climate Finance obligations, and make provision for the Loss and Damage Fund. An additional €1bn to tackle World Hunger, both funded from the windfall surplus. (p. 16)

Taxation Reform (p. 5-6):

- Minimum Effective Rate of Corporation Tax - €150m
- Increases to capital taxes - €209m
- Introducing a Financial Transactions Tax - €350m

Overall impact of Social Justice Ireland proposals

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

Total one-off expenditure used for one-off measures:	€5,950m
Net impact of recurring Budget initiatives (surplus):	+€85m

Fiscal Stance

There are six different contexts for Budget 2025. Individually and collectively, these frame the choices that Government must make. They are, in no particular order:

(i) **A Fiscal Context:** where large windfall corporation tax revenues flowing to the exchequer from a very small number of multinational companies provide a skewed picture of the robustness of the tax take and general health of Government's finances.

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

The latest Department of Finance *Stability Programme Update* (April 2024) and the latest *Fiscal Assessment Report* from the Irish Fiscal Advisory Council (June 2024) estimate windfall receipts of €11.2 billion in 2024; that is revenue over and above the normal taxation that would arise from corporate activities. Looking over the period from 2024-2027 they expect these windfall gains to remain roughly unchanged (averaging €10.7 billion per annum); with some decreases following in subsequent years. IFAC also note how these corporation tax receipts are highly concentrated with three companies responsible for 43% of all corporate taxes paid in 2022.

Overall, these windfall taxes allow Government to report a strong budget surplus (more revenue than spending). However, when the Government's budgetary position is calculated without these windfall gains it reveals a persistent budget deficit (more spending than revenue); one arising despite an otherwise strong, if weakening, economic and employment outlook. For 2024 IFAC forecast this to be €2.7 billion and ask "if underlying surpluses are not being run now that the economy is strong, when would they be run?" (p5).

(ii) **A Political Context:** where the Budget will be the final one delivered by this Government before a General Election in a few months.

(iii) **Uncertainty:** where the geopolitical instability triggered by Russia's invasion of Ukraine continues to unfold and, despite some current stability (in oil and fuel prices etc), it retains the potential to have further effects on living costs and living standards across 2025.

(iv) **International Commitments and Targets:** where Ireland has agreed to achieve net zero greenhouse gas emissions by 2050 with an interim target of a 50% reduction by 2030 (versus 1990 levels). Where Ireland is signed up to meeting, and supporting other countries to meet, the UN's 17 Sustainable Development Goals (SDGs) by 2030. And, where Ireland is committed to adhering to national and EU level fiscal rules controlling the growth in annual Government expenditure.

Social Justice Ireland believes that Budget 2025 should be guided by one core principal, that the measures adopted prioritise the protection of the most vulnerable groups in our society.

(v) **An Economy Context:** where the Irish economy is increasingly divided between a booming international sector and a more fragile domestic economy. Both are also impacted by ongoing shifts in world trade and a realignment of the international political order.

(vi) **A Social Context:** where persistent deficits in public services and social infrastructure combine with ongoing challenges in inequality, participation and living standards to leave more and more in our society struggling.

Social Justice Ireland's proposed stance

Social Justice Ireland believes that Budget 2025 should be guided by one core principal, that the measures adopted prioritise the protection of the most vulnerable groups in our society.

Budget 2024 made some progress with the establishment of two dedicated funds where much, but not all, of the windfall corporate tax revenues are to be placed. Budget 2025 needs to deliver a (currently absent) detailed plan to use these funds over the next 10-20 years, one where these resources should be invested only in one-off projects to address deficits in our social and physical infrastructure.

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

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

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

- Budget 2025 outlines a medium-term plan of one-off investments in our social and physical infrastructure funded from one-off windfall corporate taxation revenues; and
- Budget 2025 adopts recurring taxation and expenditure measures which prioritise the protection of the most vulnerable groups in our society.

The Income Gap and the Legacy of Temporary Measures

Since early 2022, Government has announced a series of taxation, welfare and electricity credit measures intended to assist all households with cost-of-living pressures. Using *the Social Justice Ireland* Income Distribution model, we bring together the impact of all these changes, from April 2022 to the most recent household energy credit paid in April 2024.

Social Justice Ireland's Distribution model captures: household energy credits, lump-sum increases in fuel allowances and additional welfare payments implemented throughout 2022 (***all measures in 2022***); all 2023 welfare, taxation and energy credit measures implemented prior to Budget 2024 (**2023 pre-*Budget 2024 measures***); welfare and energy credit measures announced in Budget 2024 for implementation before the end of 2023 (***Budget 2024 for 2023 measures***); and all welfare, tax and energy credit measures for 2024 (***Budget 2024 for 2024 measures)***.

The households we examine, as presented in Table 4.1, are those tracked annually in our income distribution model. They are spread across all areas of society and capture those with a job, families with children, those unemployed and pensioner households.

Overall, the weekly impact on the households examined is large, ranging from €64 to €129 a week for welfare dependent households and from €26 to €89 a week for households with jobs. Within welfare dependent households the largest assistance has been received by those with children. Among working households, tax changes have favoured those with income subject to the higher income tax rate. However, there is a marked difference in the way that the cost-of-living measures have been delivered to households. They have included ***temporary measures***, such as electricity credits and one-off welfare and fuel allowance payments, alongside ***permanent measures*** such as changes to the value of core welfare payments and changes to tax credits and bands.

While the overall picture reflects an outcome where the most assistance has been given to welfare dependent households, which is welcome, the underlying picture remains a concern. Much of the income support received by lower income households has been in the form of temporary measures while most of the support received by higher income households has been delivered via permanent measures. In time these temporary measures will disappear, but the permanent changes will remain. Consequently, we regret that the legacy of the design of these cost-of-living measures will be to further widen income divisions in Irish society. Budget 2025 needs to address this unwelcome distributive outcome and prioritise those on the lowest incomes in our society.

Table 4.1 Average Weekly Value (€) of all Cost-of-Living Measures plus Tax & Benefit Changes, April 2022 to April 2024

	All measures in 2022	2023 Pre-Budget 2024 measures	Budget 2024 for 2023 measures	Budget 2024 for 2024 measures	Total
Welfare Dependent Households					
Couple, 2 children (both over 12yrs)	21.52	43.10	21.02	43.23	**128.87**
Couple, 2 children (both under 12yrs)	21.21	43.10	20.71	42.92	**127.95**
Couple pensioner	28.87	34.31	18.28	38.64	**120.10**
Lone parent, 1 child (over 12yrs)	27.25	29.34	18.41	27.24	**102.25**
Lone parent, 1 child (under 12yrs)	27.10	29.34	18.26	27.09	**101.79**
Single pensioner	28.35	23.51	17.55	23.07	**92.49**
Couple, no children	14.31	31.43	9.90	33.16	**88.79**
Single unemployed	11.66	23.51	7.10	22.20	**64.47**
Household with Jobs					
Couple 2 earners at €200,000	7.67	39.51	2.88	39.00	**89.05**
Couple 2 earners at €150,000	7.67	39.51	2.88	37.56	**87.62**
Couple 2 earners at €100,000	7.67	39.51	2.88	35.64	**85.70**
Couple 2 earners at €80,000	7.67	39.51	2.88	18.49	**68.54**
Single, job at minimum wage	7.67	26.94	2.88	26.21	**63.70**
Couple 1 earners at €100,000	7.67	26.94	2.88	25.44	**62.93**
Couple 1 earner at €60,000	7.67	23.59	2.88	22.38	**56.52**
Single, job at €120,000	7.67	23.59	2.88	22.28	**56.42**
Single, job at €100,000	7.67	23.59	2.88	21.61	**55.75**
Single, job at €60,000	13.04	18.04	8.25	15.86	**55.19**
Single, job at €40,000	7.67	23.59	2.88	12.12	**46.26**
Couple 2 earner & 2 children, at €60,000	10.36	13.24	5.56	13.13	**42.29**
Couple 1 earner & 2 children, at €30,000	13.04	12.29	8.25	7.38	**40.95**
Couple 2 earners at €60,000	7.67	14.20	2.88	15.86	**40.61**
Single, 1 child, job at €30,000	7.67	11.32	2.88	11.21	**33.08**
Single, job at living wage	7.67	37.82	2.88	37.71	**32.92**
Single, job at €30,000	7.67	31.46	2.88	49.87	**28.47**
Couple 1 earner at €30,000	7.67	8.45	2.88	7.38	**26.38**

Source: Social Justice Ireland *Tracking the Distributive Effects of Budgetary Policy—2024 edition (available online)*

Taxation - Choices for Budget 2025

Budget 2025 offers an opportunity for Government to reform some aspects of the current taxation system in the interests of enhancing fairness and sustainability. On this page we outline a series of reforms for Budget 2025 while on the next page (p6) we present a more extensive agenda for reforming the taxation system.

Taxation, Cost-of-Living and Fairness

Budget 2025 should avoid using taxation measures as a means of providing short term solutions to the ongoing cost-of-living challenges that all of society continues to faces. Reductions in income taxes, indirect taxes, excise duties and levies represent poorly targeted measures and should be avoided. As we outline elsewhere, similar measures in Budget 2024 were regressive (see p4) and the most prudent use of available resources is to target increases in core welfare rates alongside targeted welfare supports for certain groups.

Carbon Tax and Fairness

The 2020 Finance Act included a schedule of annual carbon tax increases so that this rate reaches €100 per tonne in 2030 (increasing by €7.50 per tonne per annum for 9 years and €6.50 in the final year). This reflect commitments in the Programme for Government and the recommendations of the 2019 all-party report on climate change. **We believe that Budget 2025 should continue to abide by these commitments and increase the carbon tax, as planned, by €7.50 per tonne.** It should also include a commitment to use the revenue raised to fund a series of targeted accompanying measures to protect those most affected by it, in particular low-income households and rural dwellers. This proposal would generate **an additional €160m in a full-year** to re-invest in accompanying measures.

Increasing PRSI to strengthen the Social Insurance System

The pandemic and the cost-of-living crisis has highlighted the important role of the social safety net provided by the State. A core aspect of this is the social insurance system. In European terms, Ireland collects very low levels of PRSI from employers, employees and the self-employed. For most employers the rate in Ireland is 11.15% compared to a EU average of 21.34%. While we welcome the increase of 0.1% in the PRSI rate introduced in the last budget, this does not adequately address the anticipated future shortfalls in the social insurance fund, particularly in light of Ireland's ageing population. Budget 2025 should commence a process of **increasing all PRSI rates by 0.5% a year for the next five years** (reaching 6.5% and 13.65% by 2028). To facilitate business' the initial increase should be delayed to April 2025 and will raise **an additional €900m in 2025.**

Taxing Empty Houses / Underutilised Land

Social Justice Ireland welcomes the introduction of Vacant Homes Tax (VHT) as a measure to reduce the number of vacant units and penalise those who leave properties empty. Given the ongoing shortage of housing stock, building new units alone is not sufficient, as many existing units remain unoccupied. Thus, we propose that Budget 2025 should **reduce the VHT occupancy period to six-months and increase the rate to ten times the annual Local Property Tax level.** Income from this measure would yield €6.6m. We also welcome the introduction of Residential Zoned Land Tax to address inefficiencies with underutilised land suitable for housing. We propose **increasing this annual tax to 5 per cent of the annual land's value.**

Limit the ability to carry losses forward

Social Justice Ireland believes that in Budget 2025 Government should reform the tax laws so that limits are placed on the ability of individuals and corporations to carry past losses forward and offset these against current profits/income. We suggest introducing **a rolling limit of 5 years on these losses** commencing from midnight on Budget day. Losses prior to this period would no longer be available to offset against profits or capital gains. While this initiative would bring greater fairness to the overall taxation system, we note it would have a disproportionate effect on banking institutions who carry significant, self-inflicted, losses from the economic crisis a decade ago. Consequently, we suggest that Budget 2025 would also extend and amend the current banking levy. Together **this proposal would yield an additional €100m in 2025**.

Reform the R&D tax credit

A tax break for companies engaged in research and development was introduced in 1997 and has been revised and reformed on a number of occasions since. A curious component of the current structure is that firms may claim a tax refund on unused R&D credits - i.e. where they have not paid sufficient tax to cover the refund amount. The use of this scheme has allowed a number of profitable firms to record zero or negative (or 'refunded') tax-paid amounts. This measure should **be removed from the structure of this tax break** in Budget 2025. It would yield €200m in a full-year.

Abolish the Special Assignee Relief Programme

The SARP was introduced in 2014 to provide a tax reduction to high earning individuals who locate to Ireland for work purposes (generally in MNCs in IT and the financial sector). Recipients must earn between €75,000 and €1m. Qualifying employees with income above €75,000 receive a reduction in their income tax liability. This subsidy was intended to boost the attractiveness of Ireland for foreign investment; however there is no evidence to suggest the scheme has achieved this or that it has induced any recent investment and relocations that would not have otherwise occurred. **The SARP should be abolished** in order to make the tax system fairer. This **would generate €35m** in 2025.

Other Tax Reform Measures

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

- introduce **Refundable Tax Credits** (for the two main income tax credits) at a cost of €140m;
- increase by 2% the **minimum effective tax rate paid by people earning €400,000+** (+€100m);
- increase the **PAYE and Earned Income tax credits** by €5 per week (-€691.6m);
- **standard rate all pension-related tax reliefs** (+€602m);
- **standard rate discretionary (non-pension) tax expenditures costing €5m+** (+€152m);
- increase **Capital Gains Tax from 33% to 35%** (+€149m);
- increase **Capital Acquisitions Tax from 33% to 36%** (+€60m);
- increase **stamp duty on non-residential property from 7.5% to 8%** (+€29m); and **stamp duty on residential property transfers** (amounts in excess of €1m) to 5% (+€86m);
- **restore the Non Principal Private Residence (NPPR)** charge on second homes at €200 a year (+€106m);
- increase **in-shop/online betting duty** to 3% (+€50m);
- introduce a **financial transactions tax** (FTT) (+€350m);
- compliance: allocate **€45m to Revenue**.

Priorities for Taxation Reform

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

As we have outlined elsewhere having 'Just Taxation' is a key component of *Social Justice Ireland's* guiding vision and policy framework. Consequently, *Social Justice Ireland* believes that it is important that the Budget should strategically approach taxation issues with the objectives of prudently using the available resources, continuing to build a fairer and more sustainable taxation system, and acknowledging the unavoidable need for Ireland to raise more recurring tax revenue.

On this page we present a series of reforms necessary to establish a just taxation system. The accompanying chapter in our annual socio-economic review *Social Justice Matters 2024* (also available on our website) details our belief that Government's key policy priorities in this area should be to:

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

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

Increasing the overall tax-take

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

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

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

Increasing the overall tax take to this level would require a number of changes to the tax base and the current structure of the Irish taxation system. While increasing the overall taxation revenue to meet this new target would represent a small overall increase in taxation levels, it is one that is unlikely to have any significant negative impact on the economy.

Reforming and broadening the tax base

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

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

A Minimum Effective Rate of Corporation Tax

Social Justice Ireland believes that the issue of corporate tax contributions is principally one of fairness. Profitable firms with substantial income should make a contribution to society rather than pursue various schemes and methods to avoid such contributions. Over the past year the OECD BEPS Pillar 2 proposals have been adopted for large firms (those with a turnover above €750m) who will now pay an effective taxation rate of 15%. This is welcome and should bring additional revenue, in the short-term, from 2026.

Budget 2025 should announce an extension of this measure to all corporate taxpayers over the next few years. We suggest this should be phased in, with a minimum effective rate of 10% applying from 2025 and increasing by one percentage point a year after that until it reaches 15 per cent in 2030. Such a rate would raise stable and recurring additional taxation income of €150m in 2025 and an addition €1.5 billion per annum over 2026-2030.

Developing a fairer taxation system

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

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

The need for fairness is just as obvious today and *Social Justice Ireland* believes that this should be a central objective of any forthcoming reform of the taxation system. Our recent edition of *Social Justice Matters* (see ch 4) highlights these areas of priority (see also p5, p7):

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

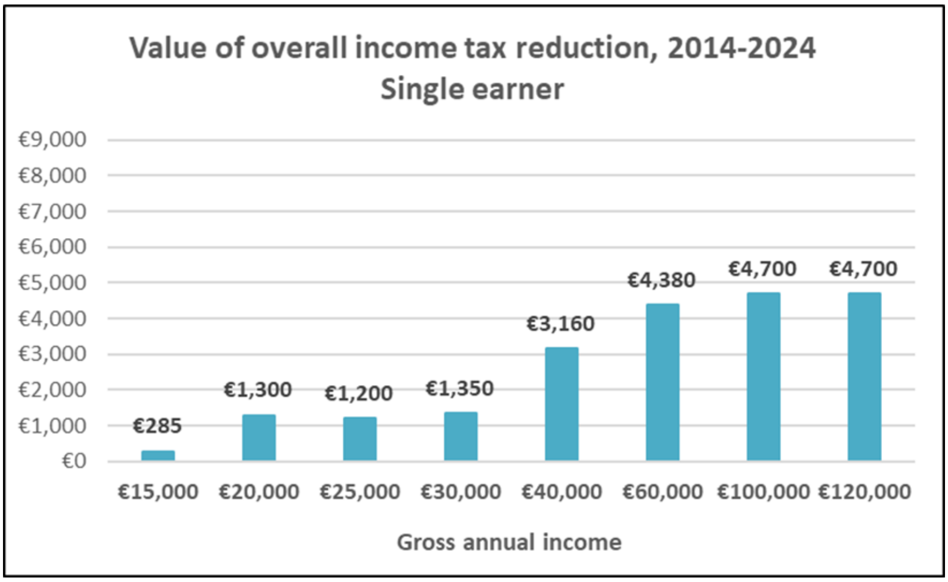
A Decade of Income Tax Cuts have Favoured Better Off

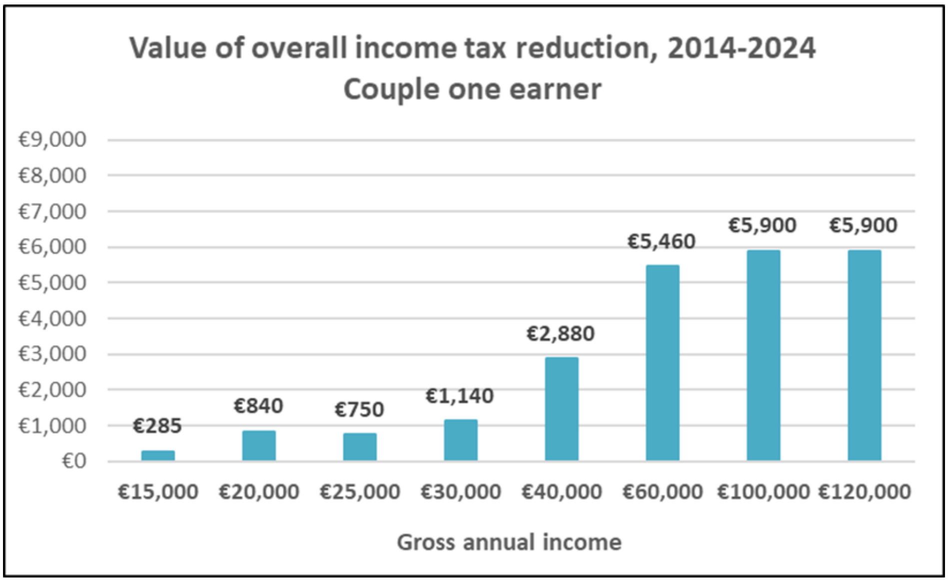
Many of the Budgets since the end of the last economic crisis have given emphasis to providing reductions in income taxation. Some recent commentary has also attempted to suggest that income taxes are abnormally high and that some further income tax cuts are needed. However, in the context of Budget 2025 the evidence suggests otherwise.

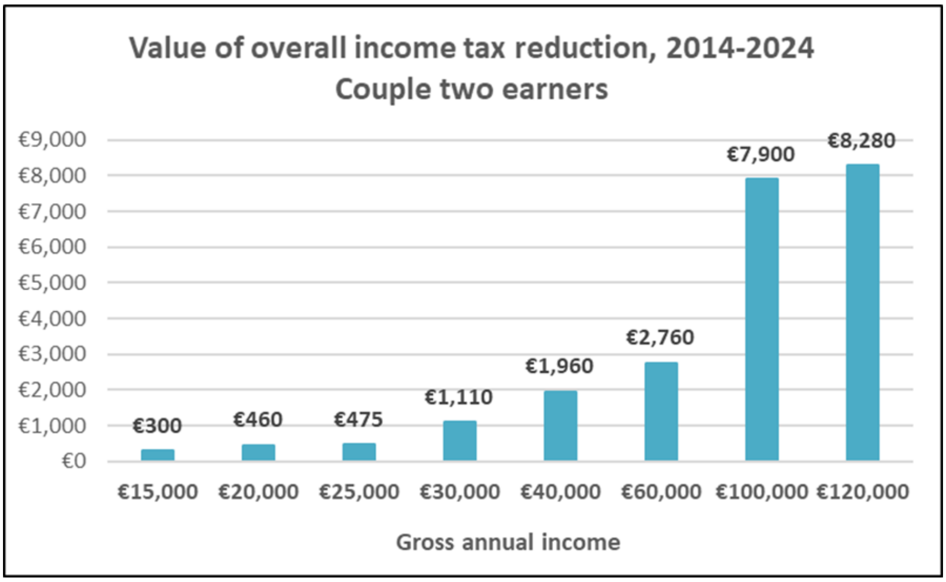
Looking back over the past few decades, data from the Department of Finance's income tax reports, which accompany each year's Budget, demonstrate that the proportion of gross income paid in all forms of income taxes, levies and social insurance payments fell substantially from the late 1990s to their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

Since 2014 budgetary policy has provided recurring decreases in income taxes. Over three diagrams we compare the total annual value of these reductions between 2014 and 2024. The analysis captures changes to income tax rates, USC rates, social insurance rates and structures, income tax credits and bands. For example a single earner with a gross income of €40,000 paid €9,920 in income taxes, employee PRSI and USC in 2014 and pays €6,760 in 2024; a reduction of €3,160 per annum.

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







Source for Charts: *Department of Finance Budget Documents - various years* and *Social Justice Ireland, Social Justice Matters 2024—taxation annex.* **Notes:** All workers are assumed to be PAYE workers. For couples with 2 earners the income is assumed to be split 65%/35%. Couples with one earner are assumed to be entitled to the Home Carer Credit.

Building Resilience in Housing Policy

Ireland has been struggling with housing and homelessness for almost a decade, a direct result of continual underinvestment which has led to substantial housing deficit. The recently published report by the Housing Commission emphasises the need to fully account for the economic and social costs associated with unmet housing needs. The report reveals an underlying shortage of up to 256,000 homes based on the 2022 census figures. This deficit represents pent-up demand, even before considering future population growth and inward migration. These unmet housing needs disproportionately affect younger adults and lower-income cohorts, and as Ireland's demographic profile shifts, these effects are likely to extend to older people.

> ***"As Ireland ages, it is likely that the cost of not meeting Ireland's housing requirements will increasingly be felt by older people."***

Build More Social Housing

Addressing the housing deficit is crucial. An ambitious increase in social housing stock is needed to sustain this sector and reduce house and rent prices in the future. Ireland's social housing supply is currently at 9 per cent of the overall housing stock, this is at odds with many of our European counterparts.

Social Justice Ireland welcomes the Housing Commission's recommendation for a targeted increase in the proportion of social and cost-rental housing and propose that Government sets a target for 20 per cent of all housing stock to be social housing by 2030. This would equate to an additional 239,918 social housing units in addition to the existing target of 90,000 to be delivered in the next six years. We need **an increase of €1.75bn in capital expenditure in Budget 2025 to double the social housing units and begin this process**. The current need, based on the social housing waiting lists, HAP tenancies, RAS tenancies and households in receipt of Rent Supplement is over 150,000. This figure does not account for households leaving Direct Provision; new households fleeing war; households in refuges for Domestic Abuse; the majority of the homeless as currently counted; nor all of the homeless not currently counted within official data (as would be counted under an ETHOS typology proposed by FEANSTA). It also does not take account of future demand, averaging 27,500 per year.

By increasing the supply of social housing, we can directly address the shortage of affordable accommodation, reduce reliance on rental assistance schemes and offer a more sustainable solution, thereby reducing the long-term burden on the state exchequer.

Address Vacancy and Dereliction

A significant yet underutilised resource in addressing the housing crisis is the stock of vacant and derelict properties. Estimates suggest there are between 102,000 to 164,000 such properties across the country. Vacancy and dereliction should be dealt with together as one can very quickly become the other. While the increase in Vacant Homes Tax is very welcome, **Budget 2025 should also set Derelict Site Levy at a rate of 20 per cent of the market valuation of the property.** This measure would yield an additional €16m. In addition, we propose the use of Compulsory Sale Orders alongside Compulsory Purchase Orders to compel the sale of vacant and derelict sites.

Support for Long Term Mortgage Arrears

The impact of the 2008 recession continues to be felt by borrowers who have struggled to regain control of their mortgage payments since. At December 2023, 4,779 mortgages are in arrears for more than 10 years, totalling €865m. Changes to the Mortgage to Rent scheme whilst welcome, does not provide a solution for everyone in long-term arrears and alternatives must be considered. *Social Justice Ireland* has previously proposed an equity scheme for borrowers in long-term arrears, similar to the mechanism in place for the First Home Scheme, **starting with a pilot of €100m.**

Housing First, Not Hidden Homelessness

The latest data indicate that a record 14,159 people, including 4,316 children, accessed emergency homeless accommodation in the week 20-26 May 2024. Family homelessness has increased by 82 per cent (from 1,130 families in July 2016 to 2,051 in May 2024) since the beginning of the previous housing strategy, Rebuilding Ireland, and by 104 per cent since the introduction of Housing for All in September 2021. These are the 'official' data on homelessness. They do not include those staying with family and friends, rough sleepers, homeless families temporarily accommodated in housing owned by their Local Authority, women and children in domestic violence refuges, or asylum seekers in transitional accommodation. In 2019, a European Commission report referred to the current state of data collection on homelessness in Ireland as "statistical obfuscation if not 'corruption'."

Homelessness is becoming normalised. Last year, the Government allocated an additional €242 million in payments to providers of emergency accommodation. According to a recent report by Focus Ireland, adult-only homeless households have tripled since 2014, while family homelessness has risen by 480 per cent over the decade. Likewise, the average expenditure on services for households experiencing homelessness has observed a significant increase in the past decade, with €2.2bn expended over the period between 2014-2023 and just over €434.7m expected to be spent by Local Authorities in 2024. Although Budget 2024 increased spending on homelessness services, inadequate resources are being allocated to homelessness prevention. A focus on preventative measures addressing the root causes of homelessness would reduce the long-term reliance on emergency services.

IHREC suggested an amendment to section 10 of the Housing Act 1988 to limit the amount of time a family may spend in Family Hubs as well as other forms of emergency housing, a similar regime as in Scotland and something that *Social Justice Ireland* has been advocating for. ***Social Justice Ireland*** **calls on Government to expand the remit of Housing First in Budget 2025 to homeless families accessing emergency accommodation, at a cost of €200m**, achieved by winding down regressive subsidies.

Work, Low Pay & Welfare

Despite inflation coming under control, Ireland is grappling with severe cost-of-living pressures, which are having a devastating impact on the real value of employee earnings, particularly for low paid workers. Although Ireland is currently experiencing full employment, with an unemployment rate of just 4 per cent in May 2024, the reality behind this statistic reveals a troubling picture of economic hardship.

In 2023, more than 145,500 people with jobs were living on incomes below the poverty line, the 'Working Poor'. In Q1 2024, more than one in every five part-time employees, some 125,100 people, were underemployed, meaning that they have part-time work but would like more hours. This presents a picture of low-paid and precarious employment behind the 'full employment' headline.

According to research published by the Living Wage Technical Group, the actual living wage for 2023/24 was €14.80, determined by living costs, which have surged over the past year. Energy costs have risen by 23 per cent, food by 21 per cent, personal care by 9.2 per cent, and housing (rents) by 7 per cent, driving the overall rise in living expenses. Meanwhile, the national minimum wage has increased to €12.70 per hour from January 2024, almost €85 per week less than the living wage.

Social Justice Ireland tentatively welcomed the Government's intention to introduce a living wage in 2022 and, in our submission to the Low Pay Commission, we called for a time-limited subsidy to allow small businesses to accelerate its introduction. We reiterate this proposal for Budget 2025. To further support the low paid employees while awaiting the introduction of the Living Wage, there are other measures Government could take in Budget 2025 to alleviate cost-of-living pressures.

Supporting Low Paid Workers through Refundable Tax Credits

Many people assume that a job is an automatic poverty reliever and this has been a key driver of Government policy. This is clearly not the case. The job must also be well-paid with decent conditions. Recent trends of precarious working practices must surely contribute to a situation where 5.9 per cent of those in employment are still experiencing poverty.

Specific interventions are required to tackle the problem of the 'Working Poor'. Introducing a system of Refundable Tax Credits, at **a cost of €140 million** in 2025 would allow low income workers who do not earn enough to use their full tax credit to have the unused portion "refunded" and support their ability to deal with increasing living costs. Making tax credits refundable would make Ireland's tax system fairer, address part of the working poor problem and improve the living standards of a substantial number of people in Ireland.

Supporting Low Paid Workers through the Tax Credits System

Social Justice Ireland calls on Government to develop employment-friendly income tax policies which ensure that no unemployment traps exist. Policies should also ease the transition from unemployment to employment. In Budget 2025, Government should increase the PAYE credit and Earned Income credit by **€5 per week at a first year cost of €691.6 million in 2025.**

Benchmarking Social Welfare Rates

The damage done by inequality has been a problem for many years but the recent significant rise in the cost-of-living and inflationary pressures in recent years have brought it into sharper focus. Without social transfers, 34 per cent of the population would have been below the poverty line, rather than 10.6 per cent in 2023. Such an underlying poverty rate suggests a deeply unequal distribution of direct income. Recent analysis by Collins and Kavanagh demonstrates that income inequality has remained stubbornly stable over the last fifty years as Ireland continues to be the EU state with the highest proportion of population at risk of poverty before social transfers.

Even after the provision of social welfare payments, in 2023 there were more than 559,000 people in Ireland living below the poverty line. Of these almost 177,000 were aged under 18. **A social welfare payment must provide an adequate safety net to lift people out of poverty and allow for a household to provide for a basic but decent standard of living.**

Over a decade ago, Budget 2007 benchmarked the minimum social welfare rate at 30 per cent of Gross Average Industrial Earnings (GAIE). Today that figure is equivalent to 27.5 per cent of the average weekly earnings data collected by the CSO. Applying this benchmark using CSO data and projections for wage growth in 2024 allows us to compare this benchmark with current welfare rates.

..there is a need to further increase minimum social welfare rates and commit to converging on a benchmark equivalent to 27.5 per cent of average weekly earnings

Core social welfare rates should therefore increase by a minimum of €25 per week in Budget 2025. This would see the basic social welfare rate rise to €257 in 2025. This €25 increase is required to benchmark core social welfare rates to 27.5 per cent of average earnings and to address the impact of continued inflation on low income households.

Budget 2025 must commit to maintaining and subsequently building on this benchmark equivalent to 27.5 per cent of average weekly earnings.

This is even more critical in light of sharp increases to essentials such as rent, energy and heating costs as mentioned earlier, and even with falling rates of inflation, prices will remain high, placing real pressures on household budgets. Recent Budgets have focused on temporary measures. What is needed is certainty and permanence for those reliant on social transfers. As a start **Budget 2025 should increase minimum social welfare rates by €25 per week at a cost of €933m.**

Equalising Rates for under-25s

In addition, the rate of jobseekers for those aged between 18 and 24 (not living independently) is currently inadequate to meet even the most basic of needs and must be increased to the full adult rate at an cost of **€63m**.

Rural Ireland, the Regions and Communities

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

Rural and regional economies

Climate adaptation and digitalisation present both challenges and opportunities to rural economies. Targeted support is required to build regional resilience through investment in social infrastructure to ensure they can take full advantage of any opportunities and negative impacts are mitigated in so far as possible.

A €100m allocation to Regional Development and Transition in Budget 2025. This funding should be used to invest in (i) Smart Villages and associated infrastructure to support remote working; (ii) education for the current and future generation of farmers to move to more sustainable agricultural methods; (iii) developing local cooperatives and regional 'Farm to Fork' strategies; (iv) improving and expanding public services to promote and support rural living; (v) development of a robust rural proofing framework incorporating learning from pilot projects; (vi) the development and expansion of Living Labs in each region focused on plastics, renewables, zero carbon buildings and agro-ecology, and; (vii) delivery of EU Smart Cities programmme.

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

Government should invest €5m establish a **Farm Sustainability Passport pilot programme in Budget 2025**. This programme should be deigned to facilitate farmers to take a step-by-step approach to implementing sustainable agricultural and land use management practices, reward such practices and allow farmers to make changes in a clearly defined process with a view to national roll-out.

Broadband

Strategies and plans to promote rural and regional economies are heavily reliant on the provision of reliable, quality, high-speed broadband. ***Social Justice Ireland* proposes a €100m investment** to support continued rollout and development of the Remote Working Hubs network and associated infrastructure and shared services, of which €5m should be ringfenced for upgrading existing remote working hubs and meeting our Digital Agenda for Europe targets**.**

Rural Transport

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

Community and Voluntary Sector

The community and voluntary sector continually proves to be a vital part of the national response to the multiple crises experienced across Irish society in recent years. The sector provides supports in housing, health, care for people and environment as well as protecting households from the worst effects of deprivation and exclusion. Government relies heavily on the sector and yet cuts to funding since 2008 are still not fully restored. Government must therefore ensure adequate resourcing by **allocating €60m in Budget 2025 to include pay increases for the sector**.

Public Participation Networks (PPNs)

The PPNs across every local authority are another vital link between national and local Government and policy making. Long term investment in staff is key to keeping communities engaged with the process of participation. ***Social Justice Ireland* proposes additional allocation of €3m in Budget 2025** to support capacity building and meaningful engagement with policy structures at local level.

Youth Work

In 2023, there were an estimated 1,225,738 children aged under 18, just over 23 per cent of the overall population. As many of these young people experienced a once in a lifetime pandemic which impacted on their schooling, their participation in sports and cultural activities as well as their social formation. Youth workers and youth services provides vital spaces for young people to learn and grow away from school and family. **Budget 2025 should allocate an extra €15m to address the funding shortfall experience by many youth services across the country.**

Legal Aid

Access to justice is such a fundamental human right that it should be supported and underpinned by adequate funding. The balance of power demands more than volunteers dealing with a range of legal topics in twenty minute increments. To ensure that people's rights are protected and dignity is respected in this most fundamental way, by adequate access to justice through the court system, *Social Justice Ireland* recommends **an allocation of €5m to support the Legal Aid Board.**

Forecasting For Change

Budget 2025 should allocate €0.5m to the CSO to support Forecasting For Change, a new method of population projection. This will be necessary if we are to allocate resources effectively.

Investment - Health and Disability

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

Access to Care

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

According to data from the National Treatment Purchase Fund there were 589,225 people waiting for outpatient's treatment in April 2024, with 53,854 patients (including more than 7,000 children) waiting for 18 months or more for treatment. The numbers on waiting lists have been very high over many years, and well above 400,000 since 2015. The pandemic limited access to care for people with health conditions not related to COVID-19 and unmet needs for medical care because of delayed or missed consultations are likely to lead to poorer health outcomes in the future. Government needs to urgently address these inequalities in the health service and implement a programme that provides access on the basis of need.

Transforming Acute and Community Care Services

Irish hospitals are working near full capacity. The occupancy rate for acute care beds is among the highest in OECD countries, and while having a high utilisation rate of hospital beds can be a sign of hospital efficiency, it can also mean that too many patients are treated at the secondary care level. In order to improve access to care, and to progress a shift to a model that prioritises primary and social care *Social Justice Ireland* is proposing that **€600m of surplus windfall revenue is invested in Sláintecare infrastructure with a focus on Enhanced Community Care in Budget 2025.**

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

Proposals: To address the inequalities in our healthcare system and develop a system that is fit for purpose for all, in Budget 2025 Government needs to:

- **Invest €100m in the further expansion of the Enhanced Community Care Programme and rollout of Community Health Networks to alleviate pressure on acute services and ensure treatment is provided at the appropriate level of need.**
- **Invest the €600m infrastructure allocation set out in Sláintecare with a particular focus on Enhanced Community Care and supporting the Health Regions implementation plan.**
- **Invest a minimum of €100m annual in providing Universal Access to GP Care while expanding the number of GP and Practice Teams in line with the shift towards Primary Care & Community Based services envisaged in Sláintecare.**
- **Invest €50m in Community Nursing Facilities and rehabilitation beds.**

Mental Health

According to the latest available data, the HSE Management Data Report for August 2023, 3,891 children and young people were awaiting supports from the Child and Adolescent Mental Health Service (CAMHS), with over sixteen per cent waiting for 12 months or more for supports.

- **Invest in the full implementation of the *Sharing the Vision* policy (including addressing staffing issues) at a cost of €35m and increase funding for programmes dealing with alcoholism and addictions at a cost of €76m.**

Persons with a disability and carers

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

Proposal: To support disabled people to live fulfilling lives within their communities, Government must:

- **Introduce a cost of disability payment of €20 per week at a cost of €228m in Budget 2025.**
- **Increase investment in disability services, including respite and personal assistant services (cost of €40m).**
- **Invest €211m in a five year investment programme in services to support people with a disability to live independently in their community**
- **Allocate €40m for implementation of the UNCRPD.**

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

To acknowledge and support the work of carers in Ireland, at the very minimum in Budget 2025 Government must:

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

Education, Children and Families

Investment in education at all levels is essential in Budget 2025. Government must support and integrate new pupils, address issues regarding a shortage of school places particularly for students with special educational needs, a shortage of teaching staff in some areas and the learning impact of Covid-19.

Early Childhood Care and Education (ECCE)

Ireland performs poorly when it comes to investing in early years and ECCE for three to five year olds. ***Social Justice Ireland* proposes that Government allocate €307m in Budget 2025,** 0.1% of GNI*, then build on this investment each year to 2030 to support staff professionalisation, expansion of ECCE provision through the Irish language, and investment in non-contact ECCE time. In addition Government should increase the subsidy for childcare provision for children under 3 years of age by €1 per hour (cost €9m).

Reducing class sizes and Pupil-Teacher ratios

Ireland's class sizes have long been above the European average, particularly at primary level where the average class size is 22.8. (The EU average is 20). Budget 2025 should set a target of keeping average class sizes below 20 and reducing the Pupil-Teacher Ratio (PTR) further with a special focus on primary level, DEIS schools and post-primary. **€110m should be allocated in Budget 2025 to reduce the PTR.**

Supporting newly arrived students

Schools will need additional resources to provide ongoing support to students from Ukraine in the education system. ***Social Justice Ireland* proposes an additional investment of €5m in Budget 2025.**

Students with Special Educational Needs

Budget 2025 should invest **€54m** to provide an additional 300 special school places in 12 new special schools, and **€46m** to increase provision of special classes in mainstream schools.

DEIS Schools at Primary and Post-Primary level

Continued support for DEIS schools must be a policy priority, with a suite of measures to address educational disadvantage including reduced PTR and class sizes, and sufficient **ongoing** resourcing available to support new ambitious literacy and numeracy targets. ***Social Justice Ireland* proposes €15m to support the continued expansion of the DEIS programme in Budget 2025.**

We also recommend the **restoration of the Back to School Clothing and Footwear Allowance** to 2011 levels (€18m) and increase funding for **Schools Meals Programme** of €6.5m. Finally, Budget 2025 should see **a 5 per cent increase in capitation grants at both primary and secondary level** (cost €11m).

Extend the JCSP Demonstration School Library Project to all 232 post-primary DEIS schools on a five year phased basis at a cost of €5m in Budget 2025 and subsequent budgets.

Further and Higher Education and Training

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

An additional €100m in State funding in higher education is needed as a first step towards meeting the core funding gap of €307m identified in 'Funding the Future' by 2026. *Social Justice Ireland* also proposes that Government **allocate €61m in Budget 2025 to increase the maintenance grant by €1,000.** We also propose an **increased allocation of €1m to the Fund for Students with a Disability** in Budget 2025 and **a €2m investment in additional apprenticeship and traineeship places** for Traveller students.

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

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

Lifelong Learning and Adult Literacy

€5m in Budget 2025 to expand the Human Capital Initiative and improve lifelong learning across all population cohorts. €25m per annum until 2030 in **adult literacy** - €20m to rollout the new Adult Literacy, Digital Literacy and Numeracy Strategy and €5m to fund ancillary and support services. An additional investment of **€1.5m** in Community Education.

Children and Families

Investment in Children and Families is an essential investment in our social and human capital. Child benefit remains a key route to tackling child poverty and is of particular value to those families on the lowest incomes. In 2023, 15.2 per cent of children in Ireland were living in poverty. *Social Justice Ireland* proposes **an increase of €50 in the Child Benefit payment in Budget 2025 at a cost of €740m, €6 in the qualified child allowance for children under 12 and €11 for children over 12 .**

Government should introduce an **additional two weeks paternity leave in Budget 2025 at a cost of €14m and an additional two weeks of paid parental leave at a cost of €26m.** To support child and family support services, Budget 2025 should allocate **additional funding to Tusla of €47m for child protection and increased social provision for children and families,** while increasing the resources available for the **regulation of childminders by €2m. €3.5 million** should be allocated to support the delivery of the National Action Plan for the EU Child Guarantee.

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

Financial Literacy

Budget 2025 should allocate **€2m** in a financial literacy programme aimed at school children and their families.

Older People and Pensions

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

Adequate Income

Adequate income is essential for addressing poverty, especially given the current cost-of-living pressures that has affected everyone in society. Older people are particularly vulnerable to these challenges because they overwhelmingly rely on a fixed income to make ends meet. In 2023, without the temporary cost-of-living measures, the poverty rate among older people would have doubled from over 64,000 to over 132,000. Moreover, the number of people aged 65+ accessing emergency homeless accommodation in May 2024 (213) increased by 66 per cent since the introduction of Housing for All in September 2021. This highlights the need for sustainable solutions over reliance on short-term interventions.

Social Justice Ireland has previously proposed a single-rate universal state social welfare pension at the rate of the State Pension (Contributory). The significant additional expenditure required could be funded through reform of Ireland's system of pension-related tax reliefs, and through a moderate increase in Employer PRSI, as detailed in our report on the Universal Pension from March 2018. This would involve standard-rating the tax break on all private pension contributions. **We further call on Government to increase the State Contributory and Non-Contributory Pensions by €25 per week and to universalise the payment, starting in January 2025 at a cost of €1.37bn in Budget 2025.**

Housing Supports

According to Eurostat, 12.6 per cent of Ireland's population aged 65+ are living in a dwelling with a leaking roof, damp walls, floors or foundation, or rot in window frames or floor, the highest rate since 2014. This equates to more than 98,000 older people, even before accounting for illness or disability which requires further home adaptations.

Social Justice Ireland welcomes the increased funding of €93m for housing adaptations this year. However, this will support only about 13,000, which is lower than the 13,588 grants that were funded in 2010. Since then, the population aged 65+ has increased by 60 per cent. Moreover, €77.3 million was paid for 13,588 grants in 2010, compared to €75.3 million paid for 13,698 grants in 2023. Thus, the cuts to Housing Aid for Older People and Housing Aid for People with a Disability must be restored in full and adjusted for inflation and the growing ageing population, **starting with an additional allocation of €85m in Budget 2025**.

A report from ALONE and Threshold suggest that one quarter of older people expect to continue renting into older age, with 42 per cent of participants in the study experiencing high stress caused by the precarity of their housing situation. In 2018, Government committed to a Policy Statement on Housing Options for Our Ageing Population, and the Final Report of the Implementation Group was published in June 2022 with many key actions unresolved. As part of the social housing Budget, Government must make provision for age-appropriate housing, to universal design standards, in Budget 2025.

Home Care

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

The average number of hours provided by the HSE per older home care recipient in 2023 was 7.6 hours per week. The 2023 Public Services Performance Report indicates that just 58 per cent of the targeted intensive home care support hours and 31 per cent of intensive Home Care Packages were delivered in 2023. This indicates a significant shortfall in achieving set goals. Despite nearly reaching the target number of people in receipt of home care in 2023, the limited resources are being stretched even further to meet the demand. Thus, **Budget 2025 must include an allocation of €96.4m for additional home care supports and address the most current waiting lists.**

The Community and Voluntary sector provide a range of key supports for older people, from befriending and social inclusion supports, to home care and assistive technologies. These supports are particularly important for those older people living with dementia and their families. A report by TASC and the Wheel detailed increasing staff turnover rates, waiting lists and closures of some services due to inadequate funding. We therefore call on Government to **increase funding in this area by €50m in Budget 2025.**

Safeguarding

The number of reports of safeguarding concerns increased by 18 per cent in 2022. Of the 13,700 safeguarding reports made to the HSE Safeguarding Teams, 31 per cent were made by people aged 65+, while the number of complaints raised by people aged 80+ increased by 32 per cent on 2021. Reports of elder abuse exceeded 4,000 for the first time, and the reporting rate of adults aged 65+ was almost twice that of those aged 18-64. The most prevalent types of abuse reported for this older people were psychological, physical and financial. *Social Justice Ireland* welcomes the Law Reform Commissions framework for adult safeguarding and proposes that **Budget 2025 should contain an additional €3m to establish an independent safeguarding authority.**

Nursing Homes

Some 3.4 per cent of all people aged over 65 reside in nursing home care funded by the Nursing Home Support Scheme according to the Public Services Performance Report 2023. This amounts to 23,285, exceeding the target of 22,712 for the year. While the health focus should be on enabling people to age at home, for those for whom nursing home care is appropriate, there must be adequate provision for nursing home care across the country. ***Social Justice Ireland*** **calls on Government to provide an additional 500 nursing home places in Budget 2025, at a cost of €27.3m.**

Just Transition

Budget 2025 must ensure that our investment strategy supports the ambition of the climate action plan, a just transition to a green economy, emission reductions, and expedites progress towards our 2030 targets while building a sustainable, resilient, vibrant society and economy.

Transport

Social Justice Ireland proposes a **Commercial Air Transport tax in Budget 2025 to yield €215m.** This would ensure air travel makes a contribution to carbon budgets for the transport sector in line with the 'Polluter Pays' Principle and the Environment Liability Directive while Government proactively pursue the removal of the exemption of Jet Kerosene from excise and carbon taxes at EU level. Airlines and business air charter companies operating in Ireland will pay a per-passenger charge of between €5 and €30, depending on destination, on all commercial flights, with a seating capacity greater than 10, departing Irish airports.

Aggregate Levy

To promote the recycling of aggregates (rocks, sand and gravel) in the building industry, and the re-use of old buildings, *Social Justice Ireland* proposes the introduction of an **aggregate levy of €2.50 per tonne** in Budget 2025. This would generate an estimated yield of €75m.

Retrofitting

***Social Justice Ireland* proposes that €85m be allocated in Budget 2025 for a retrofitting programme** modelled on the Energiesprong programme in the Netherlands targeted at rural housing, with €10m targeted for improving ventilation in public buildings. €20m should be invested in a pilot **Building Renovation Passport Scheme** for households to support a gradual, step by step approach to retrofitting.

Energy efficiency

Government should allocate **€1 billion from windfall revenue gains** in Budget 2025 for investment in offshore wind energy to accelerate existing plans, secure our renewable energy infrastructure, grid infrastructure and meet our climate targets. Investment in our renewable energy generation capacity is key to reducing our reliance on fossil fuels and meeting our 2030 targets.

€100m should be invested in the development of renewable energy sources, €2m of which should be ringfenced to establish a network of community energy advisors. We propose **an initial allocation of €30m to upgrading the national grid and a reform of the RESS auction** to make it more accessible for communities, schools, individuals and farmers.

€15m should be invested in expanding the charging infrastructure for electric vehicles nationally to make the switch to electric cars more attractive and convenient. The PSO levy should be reorganised according to average demand, as a first step to ensure that Data Centres make an appropriate contribution to Ireland's renewable energy targets.

Biodiversity and Nature

Budget 2025 should invest **€10m in the National Parks and Wildlife Service and in the National Biodiversity Centre** to scale up policies to mainstream biodiversity into economic decision-making and support community led projects.

Investing in the Future—the Circular Economy

Social Justice Ireland proposes an allocation of **€10m in Budget 2025 to continue the rollout of the Circular Economy Strategy** concentrating on areas such as sustainable agriculture, living labs focussed on agro ecology, bio-economy, plastics, and the piloting of a circular economy town. A proportion of this investment should be ringfenced for the upskilling of appropriate sections of the labour force at county level for the maintenance and servicing of new energy efficient technologies that are standard part of the retrofitting process such as heat pumps.

Agriculture

Government should pilot a **Farm Sustainability Passport** scheme at a cost of €5m in Budget 2025 to support farmers to move to environmentally friendly and sustainable agricultural methods.

Fossil fuel subsidies and tax expenditures

In Budget 2025 Government should begin the process of **ending fossil fuel subsidies and environmentally harmful tax expenditures**. These not-insignificant resources (€2.9bn in revenue foregone in 2021) should be invested in in renewable energy, addressing energy poverty, a rural green jobs strategy and a deep retrofitting programme for homes and community facilities.

A Just Transition: delivery and investment

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

In Budget 2025 Government should invest €160m in delivery of a Just Transition. This investment should support the work programme of the Just Transition Commission, including the secretariat function, the delivery of sectoral transition targets across industry, energy, transport and agriculture. In addition it should fund the establishment of a Just Transition Dialogue framework to support the establishment of an ongoing local, regional and national dialogue on a quarterly basis to monitor progress in meeting climate targets and the delivery of social infrastructure to support communities and sectors most impacted.

Ireland: Some Key Diagrams and Tables

Chart 15.1: Net National Debt per person, 2000-2029 *(estimates from 2023)*

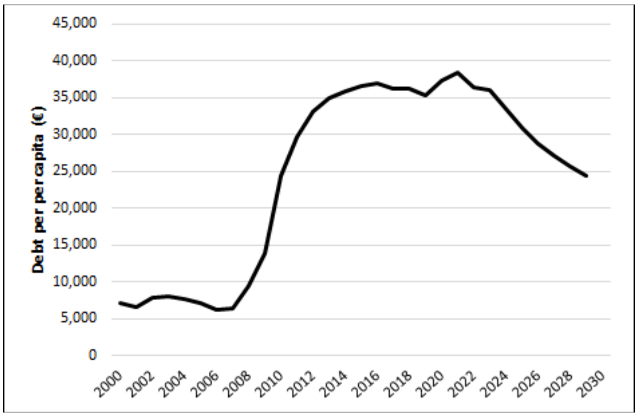


Chart 15.2: Jobseekers Benefit as a % of Average Weekly Earnings, 2011-2023

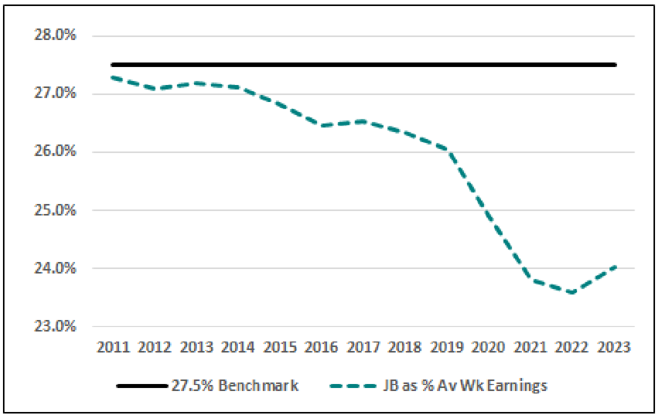


Chart 15.3: Poverty and Deprivation, 2005-2023

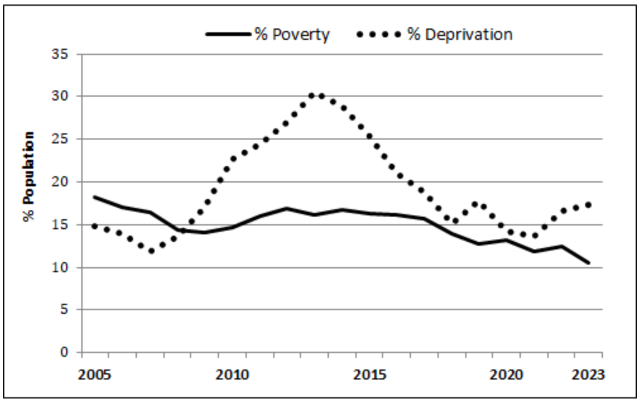


Chart 15.4: The Rich-Poor Gap, 2014-2024 (€ per week)*

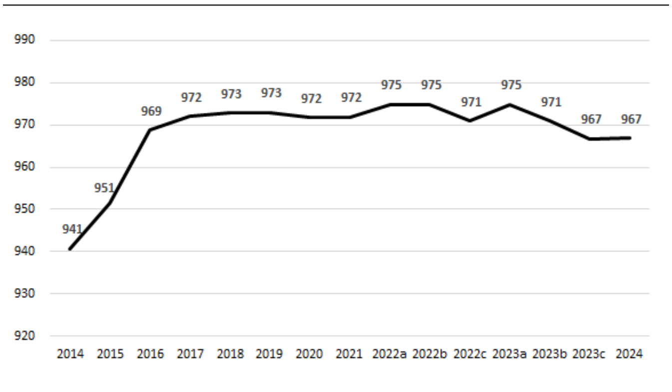


Table 15.1: The Minimum Disposable Income Required to Avoid Poverty in 2024, by Household Types

Household containing:	Weekly poverty line	Annual poverty line
1 adult	€323.99	€16,906
1 adult + 1 child	€430.91	€22,485
1 adult + 2 children	€537.83	€28,064
1 adult + 3 children	€644.74	€33,643
2 adults	€537.83	€28,064
2 adults + 1 child	€644.74	€33,643
2 adults + 2 children	€751.66	€39,222
2 adults + 3 children	€858.58	€44,801
3 adults	€751.66	€39,222

Table 15.2: Effective Taxation Rates for selected household types, 2014 / 2023 / 2024

	2014	2023	2024
Single earner			
Gross Income €25,000	15.1%	11.3%	10.3%
Gross Income €60,000	33.9%	28.0%	26.6%
Couple 1 earner			
Gross Income €40,000	14.9%	9.1%	7.7%
Gross Income €60,000	26.6%	19.2%	17.5%
Couple 2 earners			
Gross Income €40,000	9.9%	6.1%	5.0%
Gross Income €100,000	30.2%	23.9%	22.3%

***Rich-Poor Gap Notes:** This analysis tracks the annual disposable income change in the gap between single jobseekers and PAYE earners on €100,000 per annum. 2022a is the outcome from Budget 2022, 2022b includes the cost-of-living measures announced before Budget 2023, 2022c includes the Budget 2023 measures introduced in 2022; 2023a is the outcome from Budget 2023, 2023b is the outcome after including the additional 2023 cost-of-living supports announced in February 2023, 2023c includes the Budget 2024 measures introduced in 2023; 2024 includes the Budget 2024 measures.

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

International Protection, ODA and DSGBV

As of May 2024, there were 30,463 people living in Direct Provision and emergency international protection accommodation spread across 295 locations, 4 of which are temporary tented sites. In contrast, and in addition to those seeking international protection, by February 2024, 104,870 Ukrainian refugees have arrived, being granted automatic temporary protection status. According to the Parliamentary Budget Office Spring Commentary 2024, inward net migration is projected to be 35,000 per annum from 2026 to 2030, bearing in mind that this figure has been exceeded in past years. This population growth must be planned for accordingly.

The challenges to the implementation of the Day Report (2020) and the subsequent White Paper on Ending Direct Provision (2021) that existed prior to the Russian invasion of Ukraine will be all the more evident as global conflicts and climate chaos mean more asylum seekers and refugees may arrive here seeking safety and security.

The White Paper committed to a system that aims to support those applying for protection to integrate in Ireland from day one with health, education, housing and employment supports, moving towards new, not for profit Reception and Integration Centres. After the first four months, anyone with a claim still in progress will move to accommodation within the community, families with own door and single people will have own room accommodation. As 6,500 individuals with leave to stay were still living in Direct Provision as of May 2024, the issue of accommodation is increasingly a concern. Other wrap-around supports such as access to legal aid and assistance, access to work, education and training, access to driving licences and bank accounts are provided for which are all welcome steps. Programme for Government committed to abolish the Direct Provision system and move away from the for-profit model. This needs to be resourced now as a matter of urgency.

The provision of appropriate, sustainable acceptable accommodation in areas that have links to schools, shops, employment opportunities, transport links and community support networks will be key to supporting integration. As little to no progress has been made in this area, this needs investment of **€600m in Budget 2025** with another **€2m** needed to support very necessary vulnerability assessments.

ODA, Climate Finance, and Loss and Damage

Social Justice Ireland recognises and welcomes the increased contributions to Official Development Assistance (ODA) in recent Budgets. However, Ireland must continue to recover lost ground in relation to our ODA commitments. Government lacks a strategy for reaching the UN-agreed 0.7 per cent target and we call on Government to develop such a strategy with a view to reaching this target over the next 5 years (see Social Justice Matters, ch.13).

Social Justice Ireland welcomed the Government's Climate Finance Roadmap in 2022 which set a target of €225 million per year by 2025. However, the inclusion of Climate Finance within ODA distorts our commitments. Ireland has committed to targets for ODA, Climate Finance, and Loss and Damage. Government should recognise that these are three separate obligations under three different agreements, and contributions to each should be disaggregated from one another.

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

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

Table 3: Pathway to UN target of 0.7% of GNI* by 2029

Year	GNI* (€m)	% of GNI* to achieve 0.7% target by 2029	Required budget for ODA in each year (€m)	Increase in Budget allocation for ODA (€m)
2024	307,200	0.48	1,480	-
2025	320,775	0.53	1,685.4	205.4
2026	334,975	0.57	1,906.2	220.8
2027	350,384	0.61	2,146.8	240.6
2028	366,502	0.66	2,405.5	258.7
2029	383,361	0.70	2,683.5	278.0

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

By December 2023, the Garda National Protective Services Bureau (GNPSC) record receiving a total of 54,047 domestic violence reports which is an increase of 8 per cent compared with the previous year. Womens' Aid report over 40,000 disclosures of domestic abuse against women and children in 2023, the highest number recorded in their 50 years of operation. The biggest increases year on year were in reports of physical violence and economic abuse.

A Council of Europe report provides that there should be one place per 10,000 population for victims of DSGBV. Based on preliminary Census estimates of a population of 5,149,139, this would equate to 512 places. However we are falling far short of this target. The Programme for Government referred to an "epidemic" of domestic abuse. But as like any epidemic, adequate resources are needed to combat it. Government must meet their commitments under the Istanbul Convention and provide a further refuge spaces for victims of DSGBV. **This would cost approximately €185 million in Budget 2025.** In addition, further service-level supports are needed for those experiencing domestic abuse who do not require residential spaces. **This would require €33m** for service provision, training and legal supports.

Cost-of-Living Pressures Remain

On this page we focus on three key groups in Irish society that deserve particular support in Budget 2025. They are: those who have been most exposed to recent price rises, those working but on the lowest hourly earnings, and children living in households below the poverty line.

Cost-of-living pressures and those on the Lowest Incomes

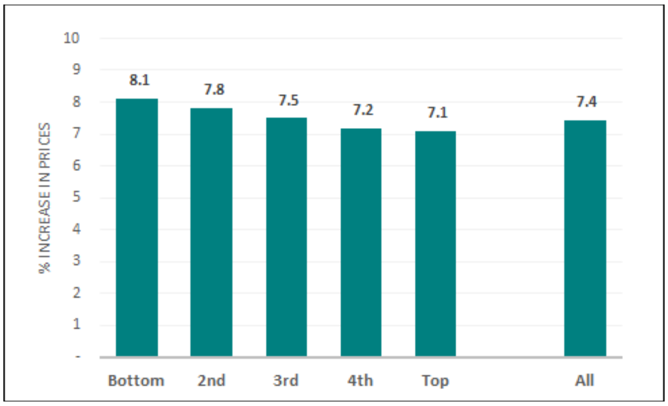
Social Justice Ireland commends the Government and the Central Bank of Ireland for their effective measures in bringing inflation under control. Despite this success, cost-of-living pressures remain high as wages struggle to keep pace with rising prices and pose particular challenges for low-income households across Ireland. This challenge is evident in the CSO SILC data, which shows that enforced deprivation increased to 17.3 per cent in 2023.

The CSO data provides an estimate of the experience of these price increases across the income distribution. Using detailed expenditure data from both the Household Budget Survey and the Consumer Price Index, the CSO show that while all households are experiencing significant price increases (7.4 per cent over the period), the impact of inflation is greatest for those households in the bottom twenty percent (bottom quintile) of the income distribution — see Chart 17.1.

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. They also spend a greater proportion of their income on areas that experienced significant price increases such as food, housing and energy. CSO SILC data further highlights that after housing costs almost 44 per cent of local authority tenants and 60 per cent of recipients of HAP, RAS, or rent supplement live on an income below the poverty line.

CSO SILC data shows the concentration of individuals who are unemployed, the long-term ill or disabled, those living alone and single parents are all in the bottom two deciles of the income distribution. Targeted measures to support these welfare-dependent households should be a core part of the policy

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



Source: CSO Estimated Inflation by Household Characteristics, Dec 2023

measures adopted in Budget 2025 to address ongoing cost-of-living pressures, rather than relying on temporary measures.

Paying a Living Wage

Over the past decade *Social Justice Ireland* and a number of other organisations have come together to form a technical group which researched and developed a Living Wage for Ireland. In 2014 the group launched a website (www.livingwage.ie) and a technical paper outlining how the concept is calculated. The latest update to the figure was published in September 2023 and reported a Living Wage rate of €14.80 per hour for 2023/24.

Over the past year the Government have proposed an alternative Living Wage, calculated as a proportion of average hourly earnings. We welcome this proposal, which sets the threshold at 60 per cent of median hourly earnings; for 2024 this figure is €13.80. While this is below the living costs based estimate, it is a welcome step forward. The new hourly payment will be phased in between now and 2026. *Social Justice Ireland* believes that the Living Wage has role to play in addressing the persistent income inequality and poverty levels in our society. Budget 2025 should endorse this initiative and underscore Governments commitment.

Investing to Address Child Poverty

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

Child poverty is measured as the proportion of all children aged 17 years or younger that live in households with an income below the 60 per cent of median income poverty line. The 2023 *SILC* survey indicates that 14.3 per cent of this group were at risk of poverty- approximately 176,000 children. Also, 21.4 per cent of children, over 264,000, live in households experiencing deprivation, that is, going without essentials. Recent decreases have been achieved and were primarily driven by targeted welfare payments for families.

The fact that such a large proportion of our children are living below the poverty line has obvious implications for the education system, for the success of these children within it, for their employment prospects in the future, and for Ireland's social and economic performance in the long-term.

Child benefit remains a key route to tackling child poverty and is of particular value to those families on the lowest incomes. Judged over time, there are significant benefits to society from a targeted child anti-poverty programme, delivering major benefits to families in poverty, or at risk of being in poverty, but also delivering substantial long term benefits to the State. Budget 2025 should embrace this approach and commit to investing more to address, reduce and prevent child poverty in Irish society. **Increase child benefit by €50 a month at a cost of €740m and increase the Qualified Child payment by €6 for those under 12 and by €11 for those 12 and over at a cost of €121m.**

Summary of Key Policy Goals and Investment Packages

Windfall Spending - €5.95 billion, including:

- Increase social housing construction - €1.75bn
- Infrastructure investment in Sláintecare - €600m
- Invest in off-shore wind energy infrastructure - €1bn
- ODA, Climate Finance and Loss and Damage - €1bn
- World Hunger Fund - €1bn
- Implement accommodation recommendations of White Paper on Ending Direct Provision - €600m

Housing (excluding €1.75bn windfall investment) - €31m, including:

- End the *Help to Buy Scheme*, and invest in *Housing First* and homelessness prevention - €200m
- Convert the Rent Tax Credit to a Grant - €119m
- Increase Vacant Homes Tax to 10 times the LPT - €6.6m
- Increase Derelict Site Levy to 20% of the market valuation of property - €16m
- Equity Scheme for Long-Term Mortgage Arrears - €100m
- Increase spending on private rent inspections and increase tenant protections - €9m
- Invest in services and infrastructure to support social housing - €100m
- Restore the Non Principal Private Residence Tax - €106m
- Increase stamp duty on non-residential property - €29m
- Increase stamp duty on residential property transfers (in excess of €1m) to 5% - €86m

Just Transition - €370m, including:

- Introduce aviation tax on commercial flights - €215m
- Ensure adequate funding is provided for a Just Transition - €160m
- Invest 0.1% GNI* to climate research - €307m
- Aggregate levy of €2.50 per tonne - €75m
- Adequate funding for renewable energy programmes and Community Advisors - €100m

Rural, Regional and Community - €593m, including:

- Allocate funding to Regional Development and Transition - €100m
- Extra funding for Enterprise Ireland and Failte Ireland - €50m
- Continued roll-out of rural broadband and remote hubs - €100m
- Increase funding for rural transport - €60m
- Adequately resource the Community Services Programme - €6.2m
- Increase funding for the Community and Voluntary sector - €60m
- Increase funding for PPNs - €3m
- Support for Integration Officer in Local Authorities - €2m
- Increase funding for Community Sports - €2m
- Support Youth Services and Youth Workers - €15m

Social Welfare - €1,134m, including:

- Increase core social welfare rates by €25 per week - €933m
- Extend the Fuel Allowance to recipients of the Working Family Payment - €44.5m
- Equalise Jobseekers' rates for under-25s - €63m
- Reinstate the Bereavement Grant - €31m

Pensions and Older People - €1,144m, including:

- Implement Universal State Social Welfare Pension - €1,368m
- Invest in social care, including Home Care Packages - €96.4m
- Restore cuts to Housing Aid for Older People and People with Disabilities - €85m
- Additional funding for nursing homes - €27.3m
- Increase funding to community supports - €50m

Health, Disability and Carers - €942m, including:

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

Education - €543m, including:

- Invest in higher and further education and increase apprenticeships - €140m
- Increase the Maintenance Grant for full-time students at third level - €61m
- Fund apprenticeship programmes focused on Travellers - €2m
- Increase employers' contribution through the National Training Fund Levy - €74m
- Increase funding for training and skills development - €74m
- Restore Back to School Clothing and Footwear Allowance - €18m
- Raise capitation grants by 5% at primary and second level - €11m
- Increase support for DEIS schools - €15m
- Reduce Pupil-Teacher Ration at primary and second level - €110m
- Expand JCSP Library project - €5m
- Increase school places for children with special needs - €100m

Children and Families - €1,545m, including:

- Increase Child Benefit by €50 per month - €740m
- Increase qualified child payment by €6 and €11 - €121m
- Increase the childcare subsidy for children under 3 - €9m
- Move investment in ECCE towards OECD average - €307m
- Core funding for childcare workers (non-contact time) - €30m
- Increased funding to Tusla for child protection and social provision for children - €46.7m
- Begin implementation of the EU Child Guarantee Strategy - €3.5m
- Increase refuge spaces and supports for victims of Domestic, Sexual and Gender-based Violence - €185m

International Protection - €71m, including:

- Invest in vulnerability assessments - €2m
- Invest in skills assessment, harmonisation and integration - €1m
- Increase payments to people in Direct Provision - €51m

Other taxation and revenue-raising - €1,892m, including:

- Minimum Effective Rate of Corporation Tax at 10% - €150m
- Increase Capital Gains Tax from 33% to 35% - €149m
- Increase Capital Acquisitions Tax from 33% to 36% - €60m
- Increase employers' PRSI by 0.5% - €900m
- Reform the R&D tax credit system - €200m
- Introduce a Financial Transactions Tax - €350m

Effect of Social Justice Ireland proposals:

- Tax Increases: €4,041m
- Tax Reductions: €832m
- Projected Fiscal Space: €4,400m
- Expenditure Increases: €8,217m
- Expenditure Reductions: €170m
- **Overall Impact: Budget Surplus of €85m**

The Social and Economic position framing Budget 2025

Table 19.1 brings together a range of relevant data and indicators which reflect various aspects of Ireland's social and economic situation. These data frame the context of Budget 2025.

Windfall tax receipts, particularly in corporation tax, are set to contribute to an estimated General Government Surplus of €11.2bn in 2024. Full employment, while welcome, also presents challenges when it comes to addressing the many deficits in infrastructure and service provision facing Ireland today.

Inward migration, while providing some 631,785 workers to the economy, places additional strains on existing infrastructure and services and must be properly forecasted in the years to come.

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

Table 19.1: Ireland's Social and Economic Position ahead of Budget 2025

Estimated General Government Surplus (SPU 2024)	€8.6 billion	Minimum Wage (per hour / 39 hr week)	€12.70 / €495.30
Projected Cumulative Government Surplus to 2027 (SPU 2024)	€38 billion	Living Wage (per hour / 39 hr week)	€14.80 / €577.20
Gross Govt Debt, % of GDP / GNI*, 2023, original forecasts from Department of Finance	43% / 76.1%	Living Wage (2024 estimate) proposed by Government (per hour / 39 hr week)	€13.80 / €538.20
Gross Govt Debt, % of GDP / GNI*, 2024, projection by ESRI	38% / 71.9%	Minimum Social Welfare Payment (1 adult)	€232 per week
Gross Govt Debt, % of GDP / GNI*, 2025, projection by ESRI	38.4% / 67.4%	Minimum Essential Standard of Living amount for working-age adult living alone (urban/rural)	€280 / €344 per week
Inflation rate September 2023 total population / bottom decile / top decile (CSO 2024)	7.4% / 8.1% / 7.1%	Poverty line for 1 Adult (week / year) in 2024	€323.99 / €16,906
General Government Balance 2024/2025/2026 (€ million) (Department of Finance)	8,550 / 9,735 / 8,685	Poverty line for 2 Adults (week / year) in 2024	€537.83 / €28,064
General Government Debt 2024/2025/2026 (€ billion) (Department of Finance)	220.8 / 223.2 / 226.4	Poverty line for 1 Adult + 1 Child (week / year)	€430.91 / €22,485
Unemployment (May 2024)	111,700 / 4.0%	Poverty line, 2 Adults + 2 Children (week / year)	€751.66 / €39,222
Unemployment rate ages 15-24 / 25-74 (May 2024)	7.7% / 3.4%	Population living in poverty (% / numbers) 2023	10.6% / 559,850
GDP / GNI* 2024 (to nearest €25m)	531,925m / 306,300m	Children living in poverty (% / numbers) 2023	14.3% / 176,912
Effective Tax Rate for single person earning €25,000	15.1% / 10.3% (2014/24)	People in employment living in poverty (% / numbers) 2023	5.9% / 145,561
Effective Tax Rate for single person earning €60,000	33.9% / 26.6% (2014/24)	% of population experiencing deprivation (2+ basic items) (2007/2019/2023)	11.8% / 17.8% / 17.3%
Effective Tax Rate for single person earning €100,000	41.1% / 36.4% (2014/24)	Number in need of long-term sustainable homes	c.150,000 households
Effective Tax Rate for 2-earner couple earning €25,000	2.5% / 0.6% (2014/24)	Homeless adults in Ireland (May 2024)	9,843
Effective Tax Rate for 2-earner couple earning €60,000	17.7% / 13.1% (2014/24)	Homeless children in Ireland (May 2024)	4,316
Effective Tax Rate for 2-earner couple earning €100,000	30.2% / 22.3% (2014/24)	Population of Ireland (Census 2022)	5,149,139
Corporation Tax rate / Pillar 2 Min Effective Rate	12.5% / 15%	Net migration (year to Apr 2023)	77,600
Capital Gains Tax rate	33%	% of population 65+ in 2016 / 2023	13.3% / 15.3%
VAT rates—Standard / Reduced / Agricultural	23% / 13.5% / 4.8%	Old Age Dependency Ratio 2016 / 2022	52.7 / 53.2

Sources: Department of Finance *Stability Programme Update April 2024,* Revenue Commissioners, various Parliamentary Budget Office publications, ESRI's Quarterly Economic Commentary, Spring 2024, CSO *Labour Force Survey,* CSO *Population and Migration Estimates,* CSO *SILC,* CSO *Census 2022,* CSO *Population and Labour Force Projections (assumption M2F1),* SVPs MESL data, *Summary of Social Housing Assessments 2023*, and Social Justice Ireland's *Budget 2024 Analysis & Critique* and *Poverty Focus 2023.* **Note:** numbers for future years are projections.

Social Dialogue required for progress on key challenges

Ireland faces major transitions in demographics, globalisation, climate and digitalisation. A transformation in how we live is coming. At this pivotal point, we must plan for and manage the impacts of this change across society in a way that is inclusive, constructive and positive. Managing change effectively will allow us to harness the benefits of transition to transform our society and our economy.

Over the past fifteen years we have been through the financial crash, austerity, Brexit, a pandemic and a cost of living crisis. Our economy has weathered each of these challenges and has recorded the strongest economic growth in the European Union for a considerable period. Enormous windfall tax surpluses have been generated. And while much has been and is changing, many of the problems facing our society are longstanding.

In 2024, many of the fundamentals of the Irish economy – headline employment numbers, consumption, exports – are on positive trajectories, but they are in sharp contrast with other progress indicators. Despite a booming economy Ireland has been doing a very poor job providing appropriate accommodation for its citizens. Record levels of homelessness and child homelessness persist due to failures in housing policy. Our healthcare system continues to struggle with long waiting lists and people lying on trolleys in hospitals across the country. Equally as debilitating are the persistent levels of poverty and inequality in our society. Income inequality has remained stubbornly stable over the past fifty years which is not something for us to be proud of.

Climate change is already having a profound impact on our natural environment and on farmers yet the implementation of policies to reduce emissions and adapt to this challenge has been unacceptably slow. If these existing problems, many of which are already at crisis level, are left unresolved, they risk exacerbating the negative consequences of the social, economic, technological and environmental transitions underway.

A new social contract, underpinned by social dialogue is essential to ensure that no-one is left behind. *Social Justice Ireland* has long advocated for participation and social dialogue, involving all sectors of Irish society, to strengthen the social fabric. Our challenges will not be resolved overnight, but real progress can be made through a social dialogue process where issues can be addressed in a positive manner, and where all stakeholders are included in the decision-making process.

Environmental, demographic, technological and economic transformation means that we cannot go back to the way things were. But, in a robust social dialogue process, we can manage this change in a way that is fair and socially just, and where our national goals – economic, environment and social – are aligned to the common good, and to building a better future for all, not just the few.

Budget 2025 can begin this process by investing windfall revenues in our social and economic infrastructure, ensuring a minimum social floor for everyone in society, and by committing to an ongoing social dialogue process involving all stakeholders.

Recent Publications and Research from *Social Justice Ireland*

Social Justice Matters: 2024 guide to a Fairer Ireland

Measuring Progress: Sustainable Progress Index 2024

Tracking the Distributive Effect of Budgets - 2024 Edition

The Social Justice Movement - A Fifty Year View

A Just Transition

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

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Department of Rural and Community Development

pobal
government supporting communities

SOCIAL JUSTICE IRELAND
working to build a just society

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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