Age Action Pre-Budget Submission for Budget 2024 to the Oireachtas Committee on Budgetary Oversight

—ANNEX: Age Action All-of-Government Budget Submission

Age Action advocates for a society that enables all older people to participate and to live full, independent lives

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Age Action is part-funded by the Scheme to Support National Organisations 2022-2025, which is funded by the Government of Ireland through the Department of Rural and Community Development

Introduction

In the last ten years, Ireland has emerged from prolonged austerity and recession, Brexit, endured the COVID pandemic and then faced extraordinarily high price inflation, which will leave a scarring effect on older people's savings and pension incomes. War in Ukraine is a humanitarian disaster. And as record-breaking temperatures across Europe and the world have shown, climate change is a looming threat.

The last three budgets have each been 'emergency' budgets, with a very immediate focus. It is vital that Budget 2024 puts revenue and public spending are put on a solid medium-term footing, with sufficient investment to meet the challenges ahead. The government is right to identify medium-term challenges, such as decarbonisation, digitalisation and demographic change, although the state's framing of ageing has sometimes been unnecessarily alarmist. Another challenge is to bring Ireland's social protection and public service provision up to a similar standard to western European norms. The blueprints for doing so are in the Sláintecare plan and in recent proposals from the Department of Social Protection to introduce earnings-related benefits. This too should be medium-term challenges informing the government's budgetary decisions.

According to the state's own projections, receipts from tax and PRSI in 2023 are projected to reach €103 billion in 2023, €35.4 billion (52%) higher than in 2020. While part of this may be once-off revenue from multinational corporations, some of it also is due to high inflation—7.8% in 2022 and in 5.0% 2023—which will naturally increase the nominal rate of revenue even though the spending power of the euro in 2024 is nearly a fifth lower than it was in 2020.

Limiting public spending to below-inflation increases represents a cut in real terms. Failing to increase social protection in line with inflation—including energy and food costs—is a cut in real terms that affects people's living standards and can be directly linked to the recent rise in poverty among older persons—one in five older persons is now at risk of poverty, including one in three of older persons living alone.[1]

Age Action has set out what we believe are the priority areas for public spending in 2024 to begin to address the inequalities experienced by many older people. The rate of the state pension needs to rise by €30/week, just to give older persons the same spending power they had in 2020. The expansion of the Medical Card eligibility to all people aged 70 and older would be a fulfilment of the promise of Sláintecare and it would take a lot of psychological pressure off from people who are reeling with the lost spending power of their savings and pension income.

The roll out of the new statutory home care scheme is a welcome development that will allow more people to age in place in their communities—as promised in the programme for government—and it will reduce reliance on the nursing home sector.

As part of Ireland's role in delivering on the UN Decade of Healthy Ageing, we must also bring our official development aid up to the longstanding target of 0.7% GNI, and some

[1] https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2022/poverty/

of this money should be ring-fenced for ageing populations, which are a wholly new social policy challenge for many lower income countries.

Successive reports—including the Report of the Commission on Pensions and the Report of the Commission on Taxation and Welfare—have called for the steady broadening and deepening of the tax base to allow Ireland to sustainably fund how we meet our future challenges, including the demographic transition. They propose raising PRSI as a major part of the necessary readjustment.

In this submission, Age Action sets out a range of spending proposals—and revenue-raising suggestions—to demonstrate the scale of ambition that is needed to ensure that every older person can participate in society and can live full independent, lives.

Summary of Budget Proposals

Department	N	Age Action Proposal for Budget 2024	Cost
Taoiseach	1	A new national ageing strategy.	<€1 million
Taoiseach	2	Create an independent Commissioner for Ageing and Older Persons.	€2.5 million
Taoiseach	3	Commission a cost of ageing study.	<€1 million
Finance/Public Expenditure, with DSP	4	Set out the timetable and process required to achieve and sustain sufficient public spending on pensions, healthcare and long-term care to meet our population's present and future needs.	n/a
Finance/Public Expenditure	5	Increase the tax exemption thresholds for people aged 65+ to €21,500 for an individual and €43,000 for a couple.	Revenue neutral
Finance/Public Expenditure	6	Reduce the extent to which high earners can avail of pension tax breaks and tax-free lump sums on retirement.	€500 million revenue-raising (estimated)
Finance/Public Expenditure	7	The Department of Finance should ensure that all departments update means tests and income thresholds in line with inflation and changes to social protection rates.	Revenue neutral[2]
Social Protection	8)	Raise the full rate of the contributory State Pension by €30.	€813 million[3] €189 million to also increase the widow(er)'s pension by €30
Social Protection	9	Revise the income thresholds for the non-contributory State Pension.	€200 million (estimated)
Social Protection	10	Set the maximum rate of the non-contributory State Pension at the same level as the contributory State Pension.	€206.5 million[4]

[2] Failure to index means tests and income thresholds involves removing eligibility from those who were eligible and whose effective income situation has not improved; that is, a cut in public service expenditure. On this basis, maintaining means tests in line with inflation is cost neutral.
[3] DSP Pre-Budget 2024 Forum Ready Reckoner (hardcopy provided to forum attendees, 19 July 2023).
[4] DSP Ready Reckoner; €56.5 million to raise the non-contributory top rate from €254 to €265.30, and €150 million to add €30 to that rate in 2024.

Department	N	Age Action Proposal for Budget 2024	Cost
Social Protection	11	Raise the Living Alone Increase to the state pensions by €8, from €22/week to €30/week.	€80 million (estimated)[5]
Social Protection	12	Extend eligibility for the Benefit Payment for 65-Year-Olds to any person who is affected by mandatory retirement at age 65, not just those with a sufficient social insurance record, and raise the rate of the Benefit Payment for 65-Year-Olds to the same as the full rate contributory State Pension.	€16 million (estimated)[6]
Social Protection, with DECC	13	Implement an income threshold of €700 for older persons living alone to become eligible for the Over-70s Fuel Allowance.	€18.5 million (estimated)[7]
Social Protection	14	Give a one-off payment of €500 to every state pension recipient, including qualified adults, to compensate for lost spending power in the period 2021-2023.	€350 million[8]
Social Protection	15	Ring-fence money under the Additional Needs Payment mechanism for means-tested one-off payments that promote older persons' social inclusion, such as replacing a second-hand car in a rural area, and advertise this opportunity through local radio and newspapers.	€25.6 million[9] (estimated)
Social Protection, with DTransport and DRCD	16	Maintain Free Travel Passes.	n/a (see below in relation to routes and services)

[5] €8 x 53 = €424 multiplied by 188,502 older recipients in 2022 = €79.9 million; Social Welfare Statistics 2022.

[6] There were approximately 45,000 people aged 65 in Ireland in 2021, of whom two-thirds (29,045) were a beneficiary of a social welfare payment, but just 3,696 received the Benefit Payment for 65-Year-Olds. It is estimated that 3,000 extra people might avail of the BP65YO if the eligibility is extended to all those facing mandatory retirement not already eligible. The cost is assumed to be the difference of €45.30/week between the existing rate (€220) and the full pension rate (€265.30) at a cost of €45.30 x 53 x 6,696 = €16 million.

[7] Estimate of 20,000 additional households becoming eligible, at €924 each.

[8] €500 x 699,801 adult recipients or beneficiaries = €349.9 million. Data from Social Welfare Statistics 2022, Table 5B. https://www.gov.ie/pdf/?file=https://assets.gov.ie/262944/3bdd325b-db94-4daf-90c3-b6c00682a7d9.pdf#page=28

[9] Assuming €1,000 for 25,596 individuals, representing the 3.3% in consistent poverty out of the 775,625 older persons who were social protection beneficiaries in 2022 (Welfare Statistics 2022).

Department	N	Age Action Proposal for Budget 2024	Cost
Social Protection	17	Raise employers' PRSI from 8.8% (low paid workers) and 11.05% (standard) to 13% in all cases.	€1.5 billion revenue-raising (estimated)[10]
Social Protection (additional proposal)	18	Raise self-employed PRSI from 4% to 6%.	€300 million (estimated)[11]
Social Protection (additional proposal), with DFinance	19	Auto-enrolment pension policy should commence in 2024 as a priority, to improve long-term pension incomes and to lower inflation in the economy.	€300 million[12]
Social Protection (additional proposal), with DPER	20	Raise the rate of the Telephone Support Allowance to €7.50/week and rename it as a Digital Allowance	€30 million[13]
Environment, Climate and Communications, with DSP	21	Implement Age Action's proposals for an Energy Guarantee for Older Persons.	€27.7 million (estimated)[14]
Environment, Climate and Communications	22	Extend eligibility for the SEAI Fully Funded Energy Upgrade grant to any older person living in a poorly insulated house.	€75 million (estimated)[15]
Housing, Local Government and Heritage	23	Increase investment in local authority grants (e.g. older persons housing grant).	€25 million
Housing, Local Government and Heritage	24	Repurpose local authorities' housing loans to provide a 'rightsizing' bridging loan.	Revenue neutral
Housing, Local Government and Heritage	25	Increase funding for inspections of private rented accommodation by local authorities.	<€1 million

[10] Receipts from Employer's PRSI in 2022 were €9.7 billion; Social Welfare Statistics 2022.
[11] Receipts from Self-Employed PRSI in 2022 were €643.7 million; Social Welfare Statistics 2022.
[12] The Irish Fiscal Advisory Council cited official sources for a costing of €300 million per annum for the first ten years. See page 121, https://www.fiscalcouncil.ie/wp-content/uploads/2022/05/FAR-May-2022-Box-H-Auto-enrolment-could-have-significant-macro-and-fiscal-implications.pdf
[13] Current cost €15 million to grant €2.50/week for people aged 60+, hence an additional €5/week will cost €30 million.
[14] Estimate of 30,000 additional households becoming eligible, in addition to those living alone counted earlier, at €924 each.
[15] Assuming an average grant of €15,000 for 5,000 additional households.

Department	N	Age Action Proposal for Budget 2024	Cost
Transport	26	Review the Free Travel Pass for older persons to remove barriers to access.	<€1 million
Transport	27	Expand rural transport options.	€20 million
Foreign Affairs	28	Increase official development aid to 0.7% GNI, including a focus on ageing.	€300 million (estimated)[16]
Health	29	A greater proportion of health spending should be ring-fenced for the implementation of Sláintecare.	Revenue neutral
Health	30	Grant a Medical Card to everyone aged 70 or older.	€161 million (estimated)[17]
Health	31	Greater investment in the development of a reablement service across all HSE regional areas, with 12,000 places annually.	€24 million (estimated)[18]
Health	32	Abolish prescription charges for people aged 70 and older.	€36 million (estimated)[19]
Health	33	Significantly increase funding for home care to allow for the implementation of the statutory home support scheme and to assist with the recruitment and retention of home care workers.	€327 million (estimated)[20]
Health	34	Increase supports and respite for older persons providing long-term care.	€10 million
Health	35	Conduct a rights-based inquiry into COVID-19's effect on people in residential care settings.	<€2 million
Children, Equality, Disability, Integration and Youth	36	Abolish mandatory retirement.	Revenue raising (not quantifiable)

[16] The 2022 allocation of €2.33 billion is calculated as 0.64% of GNI, leaving a gap of 0.06% or €218 million in 2022. This is increased to €300 million in 2024 to account for economic growth.
[17] See page 30 below for detail.
[18] Assumes an average unit cost of €2,000 x 12,000 people.
[19] Assuming an average of 300,000 people currently paying €10/month for prescriptions; 300,000 x €10 x 12 = €36 million.
[20] See page 32 below for detail.

Department	N	Age Action Proposal for Budget 2024	Cost
Children, Equality, Disability, Integration and Youth, with DSP, DHealth and DHLGH	37	Develop a comprehensive suite of cost of disability payments.	€200 million
Education	38	Increase lifelong learning opportunities funding to Solas.	€1 million
DFHERIS	39	Fund a successor programme to the Digital Skills for Citizens grant scheme.	€10 million[21]
DRCD	40	increase funding for SSNO grant recipients by 20%.	€1.4 million[22]
		Total cost of expenditure measures	€3,455 million
		Revenue-raising measures	€2,300 million
		Net cost of Age Action's proposals	**€1,155 million**

[21] Assuming a unit cost of €500 to provide basic digital skills training in a learner-led, one-to-one learning environment, 20,000 people could be supported to gain basic digital skills for €10 million.

[22] €21 million funding in the current three-year funding period means €7/year. An additional 20% in 2024 would cost €1.4 million.

Lived Experience

Age Action’s submission is informed by the lived experience of older persons through multiple surveys and focus groups that we have carried out over the last twelve months.

All quotes in the report represent the verbatim words of an older person who responded to Age Action’s surveys or who participated in a focus group.

Department of the Taoiseach

Ireland’s Demographic Transition: A ‘Once and Forever’ Opportunity

Sometimes government departments and agencies frame the demographic transition in a way that is both alarmist and ageist. This must be acknowledged at official level and stopped. Our ageing population is a positive story about successful public health campaigns and growing prosperity, which have permitted more of us to live longer, healthier lives.

Several recent major government reports focus on Ireland’s ageing population and our transition towards the European norm in terms of demographics.[23] Due to this transition, the proportion of children will fall and the proportion and absolute number of older adults will rise, including many more adults living into their 80s and 90s. Ireland has one opportunity to develop the necessary strategies, infrastructure and services to enable everyone to age in dignity in their communities and in as good health as possible for as long as possible. If we don’t get this right by the 2030s, it will be more expensive and perhaps impossible to achieve the kind of positive outcomes that are still attainable.

The *Summer Economic Statement 2023* names our ageing demographics as one of the ‘four Ds’ that must be focused on alongside digitalisation, decarbonisation and the risks to Ireland if deglobalisation occurs. Budget 2024, and every budget from now on, must have a long-term focus on achieving a successful demographic transition.

The state has little credibility when it comes to addressing the demographic transition as it has no strategy or plan that addresses the multifaceted issues across society, public services and the economy. While the 2013 *National Positive Ageing Strategy* was a welcome development, it was introduced when there was little investment available and it was limited to health and social aspects of ageing. A new strategy, with full whole-of-government scope is needed to address the demographic transition.

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[23] For example, *Report of the Commission on Pensions* (2021), *Foundations for the Future: Report of the Commission on Taxation and Welfare* (2022), and *Future-proofing the Public Finances – the Next Steps* (2023).

1. **Age Action has called for a new national ageing strategy as the foundation of a whole of government approach to the challenges and opportunities of our ageing population. Budget 2024 should provide the necessary investment to make this happen in 2024. [Cost: <€1 million]**

Older persons often tell Age Action about their frustration with public sector bureaucracy and the lack of a ‘champion’ at national level to fight for older persons’ concerns. For a long time, Age Action has argued for the creation of a Commissioner for Ageing and Older Persons, offices which already prove their worth in Northern Ireland and Wales. The Commissioner for Ageing and Older Persons would be an independent authority that investigates systemic issues, reviews the adequacy of policy, legislation and services, and advises government on matter concerning older people.[24] Based on costs in other jurisdictions, and comparing with the scale of the Ombudsman for Children in Ireland, an independent office could be established for €2.5 million.

2. **Budget 2024 should fund the creation of a Commissioner for Ageing and Older Persons.**

In 2021, the government published a commissioned cost of disability report, which sets out the additional costs faced by persons with disabilities just to achieve the same standard of living as someone who does not incur these extra costs. Similarly, older persons face additional costs to do with home adaptation, extra heating, medicines, therapies and medical devices, etc. Income supports for older persons were designed for a different era and do not take account of the major once-off costs that a person may have to address in older age, including roof repairs, replacing a boiler/heating system, replacing a second-hand car, etc. The state has addressed some of these issues through ad hoc schemes, such as local authority grants and the SEAI schemes, but there is a lack of an evidence base to plan a suite of financial supports and direct services to allow people to age in their communities in the best health possible. Given the centrality of the demographic transition to medium-term economic policy, and the potential costs involved, it is extraordinary that the state has not commissioned more research on this topic.

3. **Budget 2024 should commission a cost of ageing study to inform national policy on the demographic transition.**

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24 https://www.ageaction.ie/sites/default/files/commissioner_for_ageing_and_older_persons_position_paper_june_2022_2.pdf

Department of Finance and Department of Public Expenditure

Detailed projections for the budgetary costs implied by our demographic transition are given in a European Commission report, *The 2021 Ageing Report: Economic and Budgetary Projections for the EU Member States (2019-2070)*. Some headline statistics derived from this report are in Table 1.

Table 1. Projections for Ireland's Demographic Transition (European Commission 2021) [25]

	2019	2030	2050	2070
Population of Ireland (million)	4.9	5.5	6.2	6.5
Population aged 65-79 (%)[26]	10.9%	12.9%	16.7%	16.0%
Population aged 80+ (%)	3.4%	4.9%	8.1%	11.5%
Population in employment aged 20-74 (millions)	2.2	2.5	2.6	2.7
Population not in employment (millions)[27]	2.7	3.0	3.6	3.8
Aged-based dependency ratio[28]	24.2	30.3	46.5	53.0
Employment-based dependency ratio[29]	1.23	1.20	1.38	1.41
Employment as percentage total population	44.9%	45.5%	41.9%	41.5%
Cost of public pensions (% GDP)	4.6%	5.9%	7.5%	7.6%
Cost of healthcare, AWG scenario (% GDP)	4.1%	4.4%	5.1%	5.5%
Cost of long-term care, AWG scenario (% GDP)	1.3%	1.6%	2.4%	3.2%
Total cost of public pensions, healthcare and long-term care, AWG scenarios (% GDP)	10.0%	11.9%	15.0%	16.3%

The total cost of public pensions, healthcare and long-term care is projected to increase from 10% of GDP in 2019 to 15% by 2050, which underlines the need for the government to take seriously the revenue-raising recommendations of the Commission on Pensions and the Commission on Taxation and Welfare, as well as options explored in the Tax Strategy Group papers. A lack of mature debate on fiscal sustainability risks Ireland being ill-prepared for the challenges ahead.

In March 2023, the Minister for Social Protection published the fifth actuarial review of the Social Insurance Fund, reflecting its end-2020 position, which projects it will fall into deficit by 2034 and have a significant deficit by 2050. [30] The report considers options for raising PRSI, and recommendations to raise revenue were also made by the

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[25] See pages 294-296, https://economy-finance.ec.europa.eu/system/files/2021-10/ip148_en.pdf
[26] Derived from the original table by subtracting the population aged 80+ from the population aged 65+.
[27] Derived from the original table by subtracting the population in employment from the total population.
[28] The number of people aged 65+ for every 100 aged 15-64.
[29] The ratio of the population in employment to the population not in employment.
[30] Table 1.1, https://assets.gov.ie/251496/947e1c1b-01e4-4876-9fe9-81e1d79b31c8.pdf

Commission on Pensions and the Commission on Taxation and Welfare. The Minister for Social Protection told the Dáil in February 2023 that "Once the actuarial review is published, the Department of Social Protection will prepare a proposal on a roadmap for PRSI increases, including options on the rates and the timing of any increases. […] We will lay out a plan for the next ten years with reviews at five-year intervals."[31]

4. **Budget 2024 should set out the timetable and process to achieve and sustain the level of public spending on pensions, healthcare and long-term care that the government has projected will be needed, including increasing taxation and PRSI to the extent needed to sustainably fund the demographic transition.**

The Department of Finance is wrong to focus on the age-based dependency ratio, an indicator that the World Health Organisation calls "ageist".[32] That statistic erroneously assumes that everyone aged 65 or older is a dependent and everyone aged 15-64 is economically supporting those dependents. But many adults aged 15-64 are not in employment, whereas a growing number of people aged 65 or older are. According to the age-based dependency ratio, there are four people of working age for every older adult (65+) and this will become nearly two to one by 2050. The presentation of this data in some official reports is alarmist. Yet there were nearly six people aged 15-64 to every older adult just twelve years ago,[33] and the public finances have not been overwhelmed by our ageing population.

A more realistic indicator is to use an employment-based dependency ratio,[34] comparing the proportion of the population in employment to those not in employment. Based on the European Commission's population projections, there will be a shift from 1.23 people (of all ages) not in employment for every one person in employment, to a situation in 2070 where there will be 1.41 people not at work for every one person in employment. There is still an important shift in the proportion of those in employment, which is rightly reflected in a need for planning and putting in place the necessary infrastructure, not least given that the older members of society are likely to have the most resource-intensive needs in terms of healthcare and long-term care. Rather than presenting a higher proportion of older people as a burden on society, the employment-based indicator puts the focus on policies to promote and support employment at all ages, including helping older persons to have longer working lives.

A similar measure is the number in employment as a percentage of the whole population, which changes from 44.9% in 2019 to 41.9% in 2050 and 41.5%. This is more realistic and less alarmist than the age-based dependency ratio. Whether or not

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31 https://www.oireachtas.ie/en/debates/debate/select_committee_on_social_protection_community_and_rural_development_and_the_islands/2023-02-01/speech/11/

32 Page 30, WHO (2021) *Global Report on Ageism* https://www.who.int/publications/i/item/9789240016866

33 The CSO found the population in 2021 to be 3,066,609 people aged 15-64 and 531,563 aged 65+, a ratio of 5.8 to 1. https://data.cso.ie/table/PEA11

34 See, for example, https://www.ilo.org/static/english/intserv/working-papers/wp005/index.html

the decrease in the percentage of people in employment by four percentage points represents a much greater level of dependency on workers depends on the quality of those jobs, whether people are supported to work later in life, and the health status of older adults. Given Ireland's high incidence of 'low pay'—18% as measured by the OECD[35]—there is plenty of scope to improve the capacity of employees to support dependents. Likewise, if Ireland had universal healthcare in common with every other EU member state, this would help improve the health status of older persons. This is not to underestimate the challenge of ageing—as older dependents have greater needs for public services than child dependents—but it is to put the emphasis on positive policies to support the demographic transition rather than alarmist projections that tend to be misused to argue for withdrawing entitlements—like the state pension—rather than constructive proposals.

Economic projections should use a more balanced range of indicators, including the employment-based dependency ratio.

Budget Parameters

The Summer Economic Statement announced additional public spending of €5.2 billion and tax cuts of €1.1 billion. Due to prior commitments—such the national pay agreement and maintaining service levels for a higher population—€3.2 billion of spending has effectively been allocated, leaving €2.0 billion for potential new measures.[36]

The envisaged 'core' spending in 2024 is €91.2 billion, an increase of 6.2% on 2023. This is an expansion of public spending above the expected rate of inflation in 2024, which makes the budget cyclical rather than counter-cyclical. However, some public spending in 2023—notably in health and social protection—was cut in real terms, so spending in 2024 could potentially make up for that.

Speaking at the National Economic Dialogue, Minister McGrath noted that the government's parameters for each budget are net, which implies that any increases in taxation provide scope for further spending.

There is wide consensus across economists that fiscal policy should be counter-cyclical, and that governments should act to lower inflation when the economy is over-heating. The government cannot rely on monetary policy alone to lower inflation, not least as the ECB raising interest rates has multiple negative consequences for business investment and mortgage holders. The government must use fiscal policy—increases in taxation and PRSI—to dampen down unsustainable economic expansion that is fuelling inflation.

Many economists argue that Budget 2024 should not make net cuts to taxation at this stage in the economic cycle, as that will add to inflation, which in turn will reduce the spending power of those in society with least, including many older persons as they are most vulnerable to the effect of inflation on the cost of living. To maintain a fiscally

[35] https://data.oecd.org/earnwage/wage-levels.htm

[36] See Table 1, https://www.gov.ie/pdf/?file=https://assets.gov.ie/262563/be1e0616-663e-43e1-98fe-065ff0e49ce9.pdf#page=11

neutral budget, any reduction of taxation or PRSI in one area should be compensated by increasing taxation or PRSI in another area. In the context of the parameters set out in the SES, tax cuts of €1.1 billion should not occur and this fiscal space should be used to invest in welfare and public services that were cut in real terms last year.

Inflation

Inflation—now projected to be 5.0% in 2023 and 3.0% in 2024 (ESRI)[37] before returning to 2% in the period 2025-26 (SES)[38]—is a key consideration for Budget 2024. The ESRI's inflation projections for 2023 are 0.5 percentage points higher than in its Spring commentary, which shows that inflation remains a significant risk that Budget 2024 must address.

Table 2. Spending power of €100 relative to 2020 (inflation projections, July 2023)

Year	Annual average Inflation (%)	Cumulative annual average Inflation (%)	Average spending power of €100 relative to 2020
2020	Baseline	Baseline	€100.00
2021	2.4%	2.4%	€97.66
2022	7.8%	10.4%	€90.58
2023	5.0% (p)	15.9% (p)	€86.28
2024	3.0% (p)	19.4% (p)	€83.75

(p) = projected

Inflation is damaging for older persons who do not have any way of recovering their lost spending power in future. With lost spending power across the state pension, most occupational and private pensions, and cash savings, the period of high inflation is likely to have a long-term scarring effect on the financial situation of older persons. Every percentage point of inflation is like a 1% tax across all income and wealth, with no thresholds or credits to lessen its impact, or little opportunity for most older persons to recover their lost spending power.

For example, savings of €10,000 in 2024 will have the same spending power that €8,375 had in 2020.[39] This is a loss of €1,625 (16.25%) that interest rates will have only marginally compensated for. Taken in the aggregate, it represents hundreds of millions, if not billions, of lost spending power and lost demand in the economy.

Half of older persons have cash savings of €12,300 or less.[40] In this context, the loss of over 16% of their savings' spending power is catastrophic for older persons who have no way to recoup these losses. While those with a higher level of savings may have

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[37] Figures are for the Consumer Price Index. ESRI (2023) *Quarterly Economic Commentary—Summer 2023*, p.iv https://www.esri.ie/system/files/publications/QEC2023SUM.pdf
[38] *Summer Economic Statement*, p.17
[39] Based on cumulative inflation of 19.4% between 2020 and 2024, €10,000 in 2024 will have the spending power that €8,375 had in 2020.
[40] CSO, 2018, https://data.cso.ie/table/HFC2011

investments that provide a return, most have modest savings in a standard bank or post office savings account. Most older persons are conscious to save money for future expenses, including home maintenance and repair, home modification for accessibility, healthcare, long-term care and funeral costs.

"Inflation is the great fear of all who live on a fixed income."

Economic policy should assist older persons to recover from the significant loss of spending power due to inflation, such as reduction in DIRT, incentives for private banks to increase interest rates on savings and a state-backed saving option (such as a dedicated savings account for retired persons that is protected against inflation to them to save for anticipated one-off costs).

Rapid Growth in Tax Revenue and PRSI

Inflation has boosted some parts of tax revenue (e.g. VAT), and some of this increase is likely to be a structural part of the economy. While many analysts warn that corporation tax receipts (and other taxation associated with multinationals) may be unsustainable, or at least unpredictable, there has been nonetheless a steady and substantial increase in tax and PRSI receipts.

Table 3. Tax and PRSI Receipts 2020 to 2023 (projected) [41]

Year	Tax revenue (excluding corporation tax) (€bn)	Corporation tax revenue (€bn)	Total tax revenue (€bn)[42]	PRSI receipts (€bn)[43]	Total tax and PRSI receipts (€bn)
2020	45.3	11.8	57.2	10.4	**67.6**
2021	53.1	15.3	68.4	11.1	**79.5**
2022	60.1	22.6	83.1	14.1	**97.2**
2023 (projected)	66.8	21.1	87.9	15.1	**103.0**

As shown in Table 3, receipts from tax and PRSI in 2023 are projected to be €35.4 billion higher in 2023 than in 2020, an increase of over 52%. However, spending on

[41] http://databank.finance.gov.ie/FinDataBank.aspx?rep=TaxYrTrend
[42] 2023 forecasts from the *Estimate of Receipts and Expenditure 2023*: https://assets.gov.ie/235462/f1c115c7-c61c-4c14-8606-f201ae21408e.pdf
[43] PRSI receipts for 2020 and 2021 from *Further Revised Estimates 2021* https://assets.gov.ie/134267/96a8af61-53f4-4fe1-baa6-4fa84aee14f6.pdf ; PRSI receipts for 2022 and 2023 from *Revised Estimates 2023* https://assets.gov.ie/244538/26edc78f-49db-454f-817f-b27a40d030bc.pdf

social protection in 2023 is projected to be €23.9 billion, down 4% on 2022,[44] and only up 15% on social protection spending of €20.8 billion in 2019 (before COVID) despite inflation. When both revenue and spending on social protection are adjusted for inflation, the increase in tax and PRSI in 2023 relative to 2020 is €30.5 billion, whereas the allocation to social protection is €20.5 billion, lower in real terms than in 2019.[45]

In its *Budget 2023 Economic & Fiscal Outlook*, the government projects further substantial increases of tax revenue in 2024 and 2025, based on VAT, excise and income tax as well as corporation tax.[46]

> *"The government, with the excess finances they have, they're going to have to come up with something."*

A further €10 increase to all basic social protection payment maximum rates – and pro rata increases to partial rates, qualified adult increases and qualified child increases – would have cost €781 million in Budget 2023.[47] Given the scale of increased tax and PRSI revenue, increasing welfare in line with inflation would have been and remains easily affordable and safely prudent in terms of public spending. It would also be better targeted than electricity credits to all households.

Most social insurance payments are taxable, so net spending on social protection is significantly lower than gross spending, which should also be considered when judging the affordability and distributional impact of welfare rate increases.

In contrast to the non-indexation of social welfare rates, the programme for government commits to the indexation of income tax credits and bands.[48] Budget 2023 reduced income tax on higher earners to a greater extent than on lower income earners. In addition, some employees would have negotiated a salary increase to offset the cost of living. If it is possible to index income tax credits and bands – in addition to any wage increases secured by employees – it should be equally possible to index core social welfare rates.

Another dimension that underscores the affordability of welfare increases is that the core welfare payments going to 1.5 million people provide demand in the economy. Lost spending power for lower income households often results in deprivation rather than alternative spending choices, as the latest CSO figures have demonstrated. Raising

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[44] https://assets.gov.ie/244538/26edc78f-49db-454f-817f-b27a40d030bc.pdf

[45] €35.4 billion multiplied by 0.8613 to reflect cumulative inflation in the period 2020-2023 and €23.9 billion multiplied by 0.8562 to reflect cumulative inflation in the period 2019-2023.

[46] https://assets.gov.ie/236336/20d6e7e9-dc17-4875-9965-7aa2d1719923.pdf

[47] https://public.tableau.com/views/TaxandWelfareExchequerTool220722/ExchequerDB?%3Alanguage=en-US&publish=yes&publish=yes&%3Adisplay_count=n&%3Aorigin=viz_share_link&%3AshowVizHome=no

[48] https://assets.gov.ie/130911/fe93e24e-dfe0-40ff-9934-def2b44b7b52.pdf

welfare rates would underpin spending in local shops and services across the country, maintaining jobs and businesses that could otherwise be at risk.

The effect of inflation is equal to that of austerity given that welfare rates have not kept up with inflation. Demand will be lost in the economy, which an especially negative impact on retail and hospitality businesses and the potential loss of jobs. That in turn will reduce economic output and revenue, which may lead to further restraint in public spending. In other words, the government is failing to follow the optimum path towards economic output and sustainable public finances by imposing real cuts to the spending power of welfare rates that will undermine aggregate demand unnecessarily.

The contrasting examples of welfare policy post-2008 and during COVID provide recent evidence of what works. Post-2008, governments cut back—with the insistence of the ECB in particular—and several European economies experienced a downward demand spiral and a prolonged crisis, compared to the USA which used more expansionary approaches to maintain aggregate demand in its economy, which recovered much faster. In 2020, most European countries adopted the opposite approach to post-2008, with the European Commission leading an expansionary response. Ireland's Pandemic Unemployment Payment of €350 provided much greater income replacement than the then maximum welfare rate of €203. Economic output, employment and tax revenue all quickly bounced back after the COVID lockdowns. Many commentators are concerned that prolonged inflation will lead to recession, as higher mortgage costs will reduce household demand for other goods and services, plus higher inputs—especially energy—are expensive for smaller enterprises, which are also facing wage demands from their workers. One measure that is not as inflationary as income tax cuts or universal energy credit, but which can help stave off recession, is to boost aggregate demand among those guaranteed to spend most of their incomes, social protection recipients.

Tax Exemption

Persons aged 65 and older can avail of a tax exemption if their income is below the set limit, which is €18,000 for an individual and €36,000 for a couple who are married or in a civil partnership.[49] These exemption limits have not changed in some time, and their value has fallen in real terms and will fall further in the period 2020 to end-2024 during which cumulative inflation is projected to be 19.4%. For example, a single person aged 65+ with an income of €20,000 in 2024 will have the same *spending power* of an income of €16,750 in 2020. Yet they will be liable for income tax in 2024 if the thresholds are not changed, even though they would not have been liable for tax in 2020 on an income up to €18,000 (which is equivalent to €21,493 in 2024).

The programme for government states:

> "From Budget 2022 onwards, in the event that incomes are again rising as the economy recovers, credits and bands will be index linked to earnings. […] to

[49] https://www.revenue.ie/en/tax-professionals/tdm/income-tax-capital-gains-tax-corporation-tax/part-07/07-01-18.pdf

> prevent more low income workers being taken into the tax net because of no changes to the tax system"[50]

At the National Economic Dialogue, Taoiseach Leo Varadkar stated:

> "In line with the Programme for Government, this budget should make substantial progress on lifting the point at which an individual pays the higher rate of income tax and **it should also benefit all income tax payers to ensure fairness**. […] In many Nordic countries, indexation of tax bands and credits is automatic. It's not considered to be inflationary. It just means people aren't paying more tax. This is also my view."[51]

It would be extraordinary for the Taoiseach to propose indexing the index tax system to "benefit all income tax payers" but for that to exclude older persons, especially as his speech also stated that the budget would increase pensions "to protect the incomes" of older people.

5. **The thresholds for the older age tax exemptions should be indexed on the same basis as income tax thresholds, and in 2024 they should be raised to €21,500 for an individual and €43,000 for a couple who are married or in a civil partnership.**[52]

Tax breaks allow people to divert money into pension savings instead of paying income tax. These reliefs are particularly valuable for the minority who pay some income tax at the higher rate of 40%.[53] Ireland's pension tax reliefs are unusually generous. A person can avoid tax on their employment income, their fund investments and their pension income, with tax relief available on tens of thousands of euro annually (increasing with age) and a tax-free lump sum of up to €200,000 on retirement.[54] Many people will also avoid income tax at the higher 40% rate when saving for their pension and only pay the lower 20% rate, or no income tax at all, on their eventual pension income.

If billions are forgone in tax breaks, this costs the public. As it is typically higher earners, wealthy individuals or businesses that avail of tax expenditures, they increase income inequality and wealth inequality and therefore contribute to cumulative advantage/disadvantage across the life course. The most significant tax reliefs benefiting older persons are those relating to pension savings, which cost €2.1 billion in 2022.[55] One study found that nearly 75% of pension tax breaks benefited those in the top 20% of the income distribution, whereas "virtually none of the subsidies" benefitted

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[50] https://www.gov.ie/pdf/?file=https://assets.gov.ie/130911/fe93e24e-dfe0-40ff-9934-def2b44b7b52.pdf#page=23

[51] Emphasis added. https://www.gov.ie/en/speech/236fb-speech-by-taoiseach-leo-varadkar-td-national-economic-dialogue-ned-2023/

[52] €18,000 ÷ 83.75 x 100 = €21,493 (rounded up to €21,500).

[53] https://www.revenue.ie/en/jobs-and-pensions/pensions/tax-relief-for-pension-contributions.aspx

[54] https://www.citizensinformation.ie/en/money-and-tax/personal-finance/pensions/tax-relief-on-pensions/

[55] See, for example, Department of Finance "Budget 2023 Report on Tax Expenditures 2022" https://assets.gov.ie/235733/5d32b121-69a8-48e6-9e40-667d75a9c58c.pdf

those in the bottom 50%.[56] Additionally, an ESRI paper found that tax-free lump sums of up to €200,000 (costing €134 million) were "poorly targeted at lower to middle earners" and provided "a much larger bonus for higher-rate income tax payers".[57] Tax breaks also reinforce gender inequality, with men receiving two-thirds of the benefit of the pension tax breaks.[58]

Age Action calls for a reduction in thresholds and tighter limits on the extent to which people can avail of tax-free lump sums. In Budget 2024, the value of these tax breaks should be reduced by €500 million, which is revenue that should be redirected to social protection measures towards the many people living in poverty and deprivation.

6. **Reduce the extent to which high earners can avail of pension tax breaks and tax-free lump sums on retirement.**

Means Tests and Income Thresholds

Many public services are means tested, including the over-70s Medical Card, local authority housing grants, Fuel Allowance, etc. However, there is no one means test and different eligibility criteria are used by different departments. Crucially, there is no coherence to raising means test income thresholds during periods of inflation or when there are significant shifts in the rate of the state pension. For example, last year saw €12/week added to the state pension but no change in the eligibility for the over-70s Medical Card. As a result, hundreds of older persons have lost eligibility for the Medical Card and are worse off. To be clear, Budget 2023 cut eligibility for the over-70s Medical Card.

For example, a man in his eighties took part in an Age Action focus group this year. He lost his Medical Card after his social protection payments increased by a cumulative €10/week. Because of that additional €10 in his income, he now pays €80/month more in medical costs. Moreover, his first hearing aid while he had the card was free, but after losing his card he had to replace it at a cost of €1,000 through the cheapest provider he could find.

An all-of-government approach is needed to the issue of means testing to ensure basic equity and administrative justice.

7. **The Department of Finance should ensure that all departments and agencies update means tests and income thresholds in line with inflation and changes to social protection rates.**

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[56] See, for example, Micheál L. Collins, Gerard Hughes "Supporting Pension Contributions Through the Tax System: Outcomes, Costs and Examining Reform" (2017) https://www.esr.ie/article/view/824
[57] Theano Kakoulidou Barra Roantree, "Options for Raising Tax Revenue in Ireland" (ESRI, 2021) https://www.esri.ie/system/files/publications/BP202201.pdf
[58] Collins, M (2020). 'Private Pensions and the Gender Distribution of Fiscal Welfare'. *Social Policy and Society*, 19(3), 500-516. doi:10.1017/S1474746420000111

Department of Social Protection

Poverty and Deprivation

Deprivation among older adults was 12.7% in SILC 2022, up from 8.1% in 2020. This indicates that one in eight older persons cannot afford two or more items, including replacing worn-out furniture, socialising once a fortnight, or heating their homes adequately. Deprivation for older persons living alone was twice as high (16.9%) as for couples (9.0%).

"I am becoming paranoid about switching off lights and electric items."

"Just how upset we are and we can't live on what we're getting from the government. Our pensions aren't enough to cover anything and stuff keeps going up and up and up on us, we're going to be hungry."

Risk of poverty among older adults (65+) in Ireland is ranked 10th in the EU *before the cost-of-living crisis*.[59] The risk of poverty among older adults has doubled to 19% in 2022 (from 9.8% in 2020)—and consistent poverty has more than tripled to 3.3% (from 1%).[60]

The Lost Spending Power of the State Pension

The ESRI's latest projections for inflation are higher than the ones in Age Action's submission to the Department of Social Protection in June, so the figures on this table should be seen as a revision of the previous submission. The loss of spending power in 2023 and 2024 is now projected to be worse.

Table 4. Loss of Spending Power (Contributory State Pension) – figures in brackets are negative

Year	Average spending power of €100 relative to 2020	Maximum weekly rate Contributory State Pension	Spending power relative to 2020	Change in weekly spending power (€)	Change in weekly spending power (%)
2020	€100.00	€248.30	€248.30 baseline	€0 baseline	0% baseline
2021	€97.66	€248.30	€242.49	(€5.81)	(2.3%)
2022	€90.58	€253.30	€229.44	(€18.86)	(7.6%)
2023 (p)	€86.28	€265.30	€228.90	(€19.4)	(7.8%)
2024 (p)	€83.75	€265.30 [2023]	€222.19	(€26.11)	(10.5%)

(p) = projected

[59] https://ec.europa.eu/eurostat/databrowser/view/TESPM090/default/table?lang=en&category=es.tespm
[60] https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2022/poverty/

“Life is very difficult for anyone depending on a state pension only. Whilst the government has increased the pension it still falls short of what is needed.”

In 2024, the full rate contributory State Pension of €265.30 will have a spending power of €222.19, which is a loss of €26.11/week compared to its spending power in 2020. It would require a nominal increase of €31.18/week in 2024-value euro to restore its spending power.

Age Action made the following recommendations to the Department for Social Protection for Budget 2024:

8. **Raise the full rate of the contributory State Pension by €30.**
9. **Revise the income thresholds for the non-contributory State Pension, so that those with a weekly income of up to €40 can access the full rate with pro rata changes throughout the income thresholds.**
10. **Set the maximum rate of the non-contributory State Pension at the same level as the contributory State Pension**
11. **Raise the Living Alone Increase to the state pensions by €8, from €22/week to €30/week.**
12. **Extend eligibility for the Benefit Payment for 65-Year-Olds to any person who is affected by mandatory retirement at age 65, not just those with a sufficient social insurance record, and raise the rate of the Benefit Payment for 65-Year-Olds to the same as the full rate contributory State Pension.**
13. **Implement an income threshold of €700 for older persons living alone to become eligible for the Over-70s Fuel Allowance.**
14. **Give a one-off payment of €500 to every state pension recipient, including qualified adults, to compensate for lost spending power in the period 2021-2023.**
15. **Ring-fence money under the Additional Needs Payment mechanism for means-tested one-off payments that promote older persons’ social inclusion, such as replacing a second-hand car in a rural area, and advertise this opportunity through local radio and newspapers.**
16. **Maintain Free Travel Passes.**
17. **Raise employers’ PRSI.**

More detail is available in Age Action’s full submission to the Department of Social Protection.[61]

Following Age Action’s all-of-government analysis for Budget 2024, the following are additional proposals for the Department of Social Protection.

[61] https://www.ageaction.ie/sites/default/files/age_action_pbs_to_dsp_budget_2024.pdf

The Report of the Pensions Commission notes that in Ireland "the combined employee and employer PRSI rate is 15.05 per cent. This compares to an EU average of almost 38 per cent. Ireland has the second lowest rate of employer PRSI in the EU, and the third lowest rate of employee PRSI".[62] This is explained by the relatively flat structure of Irish welfare rates and other EU countries providing more comprehensive welfare benefits. Nonetheless, given the likely future pressures on social protection from demographic change, along with public desire for more comprehensive welfare protection—which was evident during the COVID lockdowns and finds expression in the Department of Social Protection's proposals for earnings-related welfare payments—there is a need to raise more PRSI. The Commission on Taxation and Welfare describes the state as facing a "fiscal sustainability challenge" and due to the "magnitude and urgency" of this challenge, the Commission "is convinced that the overall level of revenues raised from taxation and Pay Related Social Insurance (PRSI), as a share of national income, will have to increase materially over the coming years."[63] They recommend phasing out the lower rate of employer PRSI. For these reasons, Age Action proposes harmonising all employers' PRSI rates at 13% under recommendation 8(j) above.

A range of PRSI benefits have been extended to self-employed workers in recent years, including a weekly jobseekers benefit payment and treatment benefit. However, the rate of PRSI paid by self-employed workers has not yet increased. In relation to broadening the PRSI base, the Report of the Commission on Pensions finds that "A specific focus on increasing PRSI for the self-employed is integral to each of the packages on grounds of fairness and equity. Currently self-employed PRSI is notably lower at 4 per cent than that applying in the case of other workers."[64] PRSI paid for employees is currently 12.8% or 15.05% when the employee and employer contributions are combined.

18. **Age Action proposed raising self-employed PRSI from 4% to 6%.**

Speaking at her department's pre-budget forum, the Minister for Social Protection said that auto-enrolment policy will commence in 2024 as planned. This policy is long overdue as Ireland has the only state pension system without a second tier. In 2021, pensions from all sources received by people aged 65-74 replaced 39% of the earnings from work of people aged 50-59. The EU average was 58% and the highest rates were 81% in Luxembourg and 79% in Spain.[65] Not only is this policy essential to address the low level of income replacement provided by the Irish pension system, but it has additional salience now as a way of 'cooling' the overheating economy. The requirement on employers to co-fund auto-enrolment pensions for their workers is another way of reducing inflation.

[62] https://www.gov.ie/pdf/?file=https://assets.gov.ie/200480/564ea175-28b2-417d-aa9b-3f1750225310.pdf#page=157

[63] https://www.gov.ie/pdf/?file=https://assets.gov.ie/234316/b4db38b0-1daa-4f7a-a309-fcce4811828c.pdf#page=10

[64] https://www.gov.ie/pdf/?file=https://assets.gov.ie/200480/564ea175-28b2-417d-aa9b-3f1750225310.pdf#page=12

[65] https://ec.europa.eu/eurostat/databrowser/view/TESPM100/default/table?lang=en&category=es.tespm

19. **Auto-enrolment pension policy should commence in 2024 as a priority, to improve long-term pension incomes and to lower inflation in the economy.**

The new *Digital Inclusion Roadmap* is a welcome all-of-government strategy led by DPER, which recognises three barriers to using the internet: access, affordability and ability. Crucially, under affordability, the strategy recognises that costs are relative, which implies that they can be prohibitive for someone on a low income. The strategy identifies "the *relative* costs, for individuals and families, of internet and mobile broadband, devices, digital services and assistive technologies to assure continued meaningful digital access. This applies to initial purchase, running costs, and keeping up with significant improvements in features, performance, functionality and security, which, invariably, bring a requirement for upgrades and replacements."[66]

While there are welcome actions on affordability, including ensuring access to the internet via libraries and including digital in the *Roadmap for Social Inclusion*, there also needs to be a focus on ensuring household incomes are sufficient to afford digital devices, subscriptions and renewals. There is a potentially large gain to the state if older persons are facilitated to access public service online, especially telehealth services.

At present, a Telephone Support Allowance of €2.50/week is paid to some households in receipt of the Household Benefits Package if they pass a means test. There were 144,082 recipients of this payment in 2022, at a cost of €18.4 million. Most (82%) of recipients were aged 60 and older, and older women benefit more from this payment as they are more likely to be living alone on a low income. Age Action has proposed converting this into a Digital Allowance, to include support for digital devices and subscriptions. The rate of the allowance should be realistic to support someone to afford to buy and maintain a digital device and an internet connection.

20. **Age Action proposes raising the rate of the Telephone Support Allowance to €7.50/week in Budget 2024 and renaming it as a Digital Allowance.**

Department of the Environment, Climate and Communications

Energy Poverty

Unlike some other European countries, Ireland has a high rate of 'excess winter mortality', meaning increased deaths during the winter months above the mean mortality rate of the non-winter months. One study found excess winter mortality of 18-28% in Ireland, the UK and southern European countries, while no such differential was found in the Nordic countries or other northern European countries where a greater level of home thermal insulation is the norm. Another study found 19.7% excess winter deaths in Ireland in the period 1980-2013, the highest rate of all northern European countries and more than twice the rate in Finland or Iceland.[67] The implication of these

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[66] https://www.gov.ie/pdf/?file=https://assets.gov.ie/266987/4efda43d-148b-4c95-a212-cb05307065f8.pdf#page=9

[67] https://www.friendsoftheearth.ie/assets/files/pdf/still_left_out_in_the_cold_-_full_report.pdf

studies is that thousands of people in Ireland die prematurely every year due to poorly insulated housing stock and a consequent inability to afford an adequate level of home heating. The continued occurrence of excess winter mortality in Ireland affecting is ultimately linked to thousands of older persons' inability to upgrade their homes and, more immediately, their inability to afford heating.

"I am 88 years old. I use a lot of heat. I am very cold if I didn't have the heat."

Age Action advocates for an Energy Guarantee for Older Persons, and a detailed proposal is available on our website.[68] Age Action welcomed the expansion of Fuel Allowance in Budget 2024 with the widened eligibility for people over the age of 70. While this greatly expanded access for older couples (weekly income threshold of €1,000) we are concerned that poverty and deprivation are concentrated among older people living alone, for whom the weekly threshold is only €500. That is why, Age Action is seeking DSP to raise the income threshold to €700 for older persons living alone to become eligible for the Over-70s Fuel Allowance.

21. Age Action continues to seek the three elements of the Energy Guarantee:

- **A cash payment that rises or falls with the wholesale price of energy, thus guaranteeing that someone can afford a basic quantity of energy,**
- **A tiered cash payment rather than all-or-nothing as at present, and**
- **Greater eligibility for older persons in poorly insulated housing.**

At present, eligibility for the Fully Funded Energy Upgrade grant from the SEAI is subject to eligibility criteria such as a qualifying welfare payment, which does not include the state pensions but does include Fuel Allowance. The extension of Fuel Allowance to more people from age 70 in Budget 2023 was a welcome development, not only for the extra help with energy bills but because it extends eligibility for the fully funded SEAI grant to more households. Despite this, there are likely to be tens of thousands of older persons living in poorly insulated housing who remain outside the eligibility criteria for Fuel Allowance.

The Energy Poverty Action Plan (EPAP) notes the link between energy poverty and respiratory illness in children. It also notes that "older people can often be more vulnerable to the effects of energy poverty", and that "living in a cold, damp home" is "linked to excess winter mortality, to increased rates of respiratory diseases and to poorer states of mental health and wellbeing."[69]

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68 https://www.ageaction.ie/sites/default/files/age_action_energy_guarantee_for_older_persons.pdf
69 https://www.gov.ie/pdf/?file=https://assets.gov.ie/245075/fdebbc43-aba2-4330-9b7d-f0987178ea74.pdf#page=28

22. **While our preference is for an Energy Guarantee scheme to be developed, which would bring them into eligibility, an immediate alternative would be to extend eligibility for the Fully Funded Energy Upgrade grant to any older person living in a poorly insulated house (such as one with a Building Energy Rating of E, F or G).**

Department of Housing, Local Government and Heritage

Ageing in Place

The programme for government recognises and commits to a policy of 'ageing in place', meaning helping people to age in the communities where they have built their lives and where they have social connections and supports.

"As I live alone and am therefore entirely dependent on my own resources I am very concerned."

In 2010, the total expenditure on local authority grants was €99.2 million, providing 13,910 grants,[70] whereas ten years later total expenditure was €45.3 million, providing 8,137 grants.[71] Not only has expenditure and the number of grants gone down, so has the average value of each grant. The last two years saw a welcome increase in grants, with overall expenditure rising to €86 million in 2022, facilitating the payment of 12,487 grants.[72] While this increase and corresponding increase in average grant value is welcome, it is still less then 2010 figures and construction costs have risen significantly during this time, meaning that these grants are still cut in real terms relative to 2010. The relatively low cost of these grants relative to the high cost of residential care should be considered, in line with the programme for government commitments to support people to age in place in their communities. Greater investment to help older people improve and adapt their homes would save several times this investment in residential care costs.

23. **Age Action is calling for the local authority housing grants for older persons and for mobility to be restored to their 2010 average value, with an additional investment in Budget 2024 of €25 million towards that aim.**

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[70] The Housing Agency.2013. Review of the Housing Grants for Older People and People with a Disability.

[71] https://data.gov.ie/dataset/housing-adaptation-grants-for-older-people-2014-2020
https://data.gov.ie/dataset/housing-adaption-grant-for-people-with-a-disability-2014-2020?package_type=dataset
https://data.gov.ie/dataset/housing-adaption-grant-for-mobility-aids-grants-2014-2020?package_type=dataset

[72] https://www.gov.ie/en/press-release/8d927-fixed-track-hoists-now-covered-under-housing-adaptation-grants/

‘Rightsizing’

Age Action looks forward to the publication of the Department’s forthcoming policy on ‘rightsizing’. The Department should avoid framing the issue in a way that is ageist, such as suggesting an unfair use of housing or using terms like the ‘over-occupation’ of housing by older persons. Nonetheless, there is value in producing policies to assist those older persons who wish to move home. One of the barriers identified by Age Action is access to finance to fund a move.

24. **On a cost-neutral basis, local authorities’ capacity to offer housing loans could be repurposed into a rightsizing bridging loan, to facilitate older persons who cannot secure finance from banks.**

Security of Tenure

More of us will rent into later life, with recent CSO figures noting that almost 17,000 households with someone aged 65 or older were renting from a private landlord, with over 11,000 people aged 60-64 also renting from private landlords.[73] This is a concern for multiple reasons. The private rental market does not provide the level of security, stability and affordability that older people deserve, and this can negatively impact both the mental and physical health of older persons. The quality of rented homes can also be poor. In 2022, there were 330,632 units of housing supplied by private landlords but there were only 49,308 inspection carried out, on 40,282 rental dwellings, of which 29,686 did not meet regulatory requirements.[74] Affordability concerns are shown by the fact that two in five (41.6%) of tenants aged 65 or older paid more than 40% of their disposable income on rent in 2019.[75]

The Residential Tenancies (Amendment)(No. 2) Act 2021 introduced tenancies of unlimited duration, providing some security to renters, however a landlord can still serve a valid notice of termination. This is a concern as most valid notices of termination are due to the landlord intending to sell the property. Recent figures indicate that landlords intending to sell was the reason provided in 2,845 notices of termination in the third quarter of 2022, decreasing to 2,513 in the fourth quarter before slightly increasing to 2,631 in the first quarter of 2023.[76]

25. **As a measure towards improving security of tenure, Budget 2024 should increase funding for local authority inspection of private rented accommodation.**

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[73] https://www.cso.ie/en/releasesandpublications/ep/p-cpp2/censusofpopulation2022profile2-housinginireland/homeownershipandrent
[74] https://www.gov.ie/en/publication/da3fe-private-housing-market-statistics
[75] https://www.cso.ie/en/releasesandpublications/fp/fp-trsi/therentalsectorinireland2021/tenants/
[76] https://www.rtb.ie/data-hub/notices-of-termination-received-by-the-rtb-from-q3-2022

Department of Transport

Free Travel Pass

While the Free Travel Pass is administered by the Department of Social Protection, this requires collaboration with the Department of Transport. Specifically, new public transport operators should be required by regulation to join the Free Travel scheme so that it is as widely available as possible.

Moreover, transport operators must be regulated to allow people to use their Free Travel passes, however many operators require online booking—even though six in ten older persons are digitally excluded. Online booking also sometimes carries a charge—for example Expressway charges €2 per trip[77] and GoBus up to €5/trip[78]—which means the pass does not provide free-of-charge travel. Those who cannot pay online are excluded. Age Action has heard from older persons who were distressed at their experience of being left at the bus stop because they had not booked online.

26. **Age Action is calling for a review of the operation of the Free Travel Pass for older persons by the Department of Transport to ensure that maximum opportunity is given to older people to use public transport and that barriers to inclusion—including online-only booking processes and/or reservation charges—are eliminated.**

Unmet Transport Needs

The issue of transport emerges as a central concern for very many older persons. Most people in rural areas are car dependent but running even a second-hand car can become prohibitively expensive. Some older persons lose their driving licence for medical reasons (like poor eyesight) or else never had a driving licence (especially older women). Public transport is often limited or non-existent outside of cities and towns.

Budget 2024 must continue to fund the Free Travel scheme, and consideration should be given to expanding it to make it more useful to people in rural areas, such as allowing a certain number of taxi journeys per annum using the scheme. More investment is needed in rural public transport, to both increase frequency and to provide services where there are none. Flexible forms of rural transport are also needed, not least to help people travel the final distance between their homes and bus/rail stops.

27. **Expand rural transport options, including more local link and community car services, and an allowance for a certain number of taxi fares annually under the free travel pass for people in certain rural areas.**

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77 https://www.expressway.ie/service-news/reserve-your-seat-with-your-free-travel-pass
78 https://gobus.ie/free-travel-pass-info/

Department of Foreign Affairs

Official Development Aid

This is the UN Decade of Healthy Ageing (2021–2030) and part of the rationale for this focus is the rapidly ageing global population. By 2050, the global population of older people will have more than doubled, to 2.1 billion and will outnumber adolescents and young people aged 15–24.[79] Most older people live in developing countries, which in many cases have weak infrastructure or social services to address the needs of older people. Not only is it vital for Ireland to meet its commitments to official development aid, but it is essential that development aid supports countries to develop the infrastructure and social supports for their ageing populations.

With the significant increase of funding to assist Ukrainians in Ireland, official development aid in 2022 now stands at 0.64% of national income.[80] However, in 2018-2021, this figure was around 0.3%,[81] which is far short of Ireland's 0.7% commitment.

28. **Budget 2024 should deliver on Ireland's 0.7% commitment for official development aid, and this should include dedicated funding for age-related development initiatives.**

Department of Health

Sláintecare and Primary Healthcare

Progress to date on Sláintecare has been halting and piecemeal, and there appears to be a lack of ambition to make the necessary major structural changes to advance free-of-charge primary care. There is risk of overwhelming GPs if the necessary development of alternative primary care is not developed at the same time as expanding access to GPs through GP Visit Cards and Medical Cards.[82]

29. **Budget 2024 should ringfence a greater proportion of health spending to the implementation of Sláintecare on a cost-neutral basis, with greater proportions ring-fenced in future years, in order to create the necessary financial incentive to deliver on the plan.**

Medical Cards

As noted earlier, the lack of movement on income thresholds for eligibility for means tested benefits like the Medical Card are a major concern for many older persons, who fear the loss of their card will cost them more than any small gain in their weekly

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79 https://cdn.who.int/media/docs/default-source/decade-of-healthy-ageing/decade-proposal-final-apr2020-en.pdf?sfvrsn=b4b75ebc_28

80 https://www.irishaid.ie/news-publications/press/pressreleasearchive/2023/april/oecd-confirms-increase-in-irelands-official-development-assistance-in-2022.html

81 https://data.oecd.org/oda/net-oda.htm

82 See, for example, https://www.oireachtas.ie/en/debates/debate/joint_committee_on_health/2023-03-01/speech/1/

income. The cost is not the main thing. The Medical Card gives people peace of mind and a sense of security and protection should they have a health problem and, naturally, this is a greater concern as people age. Up until recently, the Medical Card was granted universally to all people over the age of 70 but it is now means tested. Now that the public finances have recovered from the 2008 crash, it is time to fully restore universal access to the Medical Card for everyone over the age of 70. This would be in line with the Sláintecare vision of free-of-charge primary care. And it would bring Ireland into line with other EU member states that already provide free-of-charge access to primary healthcare. According to the WHO, "Ireland remains the only western European country without universal coverage for primary care"[83]

"I have a Medical Card. I had great difficulty getting it renewed last time. I dread next September when it's renewed again."

The policy of means testing imposes higher GP and pharmacy costs on older persons than the amount of money the HSE saved, implying inefficiency in the policy as well as an extra financial burden on some older persons.[84] In Ireland, older persons in the bottom 20% of the income distribution have a shorter life expectancy by five years and are more than twice as likely to suffer from a health-related limitation in older age. The more that healthcare and other services are provided on a universal basis, the greater the reduction in health inequalities between higher and lower income households.[85]

1.55 million people—of all ages—were in receipt of a Medical Card in 2021.[86] In 2019, just 74.6% of the 477,000 older persons (aged 70 or older) were in receipt of a Medical Card, representing approximately 356,000 recipients. To extend the Medical Card to everyone over the age of 70 is assumed to add another 190,000 recipients based on 2024's population. GP fees under the Medical Card were allocated €785 million in 2023 and other Medical Card Services were allocated €529 million, for a total of €1.3 billion.[87] This implies an average public expenditure of €847 per Medical Card. As such, extending eligibility to everyone over the age of 70—a further 190,000 Medical Card recipients—would cost an estimated €161 million.

30. **Restore the Medical Card to everyone over the age of 70.**

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[83] https://www.euro.who.int/__data/assets/pdf_file/0009/419463/Country-Health-Profile-2019-Ireland.pdf

[84] https://www.ucc.ie/en/media/academic/centreforpolicystudies/MedicalCards,the%E2%80%98Over70s%E2%80%99.pdf

[85] Greer et al (2022) *The Politics of Healthy Ageing: Myths and Realities*. European Observatory on Health Systems and Policies, World Health Organisation. https://apps.who.int/iris/rest/bitstreams/1437071/retrieve

[86] https://assets.gov.ie/244538/26edc78f-49db-454f-817f-b27a40d030bc.pdf

[87] *Revised Estimates 2023* (page 205) https://assets.gov.ie/244538/26edc78f-49db-454f-817f-b27a40d030bc.pdf

Reablement

The HSE Service Plan for 2022 envisaged 3,000 people benefiting from reablement packages.[88] However, reablement is not mentioned in its 2023 plan and it is not reported whether the 2022 targets were achieved. Research shows the benefits of reablement, to enable people to live at home independently for longer,[89] which is consistent with the programme for government's recognition of the goal of 'ageing in place'.

In 2021/22, 383 people per month (4,596/year) started a reablement service in Northern Ireland.[90] If the same level of service was provided in Ireland, over 12,000 reablement places per year should be provided.

31. **Age Action is calling for greater investment in the development of a reablement service across all HSE regional areas, with at least the same level of service as is provided in Northern Ireland.**

Medicines

Medical Card holders—with exceptions—are required to pay prescription charges of €1.50 per item capped at €15/month, with charges of €1 per items capped at €10/month for people aged 70 or older. No one should have a financial disincentive to purchase and take medicines that might improve their quality of life in older age. This runs counter to the Sláintecare vision of free-of-charge primary healthcare.

32. **Age Action is calling for the abolition of prescription charges for people aged 70 and older, which it is estimated will cost up to €36 million.**

Long-term Care

The development of a statutory home support scheme is welcome, but as the government has acknowledged there is a shortage of home care staff to fulfil existing grants let alone to cater for the likely expansion in demand once a new national scheme is introduced. Recently, the Minister for Health reduced the planned delivery of hours by 8% (1.9 million hours) in 2023, to fund an increased unit cost to providers.[91]

Funding for the home care scheme was €723 million in 2023. The ESRI have estimated that the introduction of a statutory scheme will increase demand by 31.8%.[92] As such, Budget 2024 should allocate an additional €230 million, bringing the total to €953 million. In addition, to address the need for higher pay to recruit and retain workers in the sector, to meet travel costs (especially in rural areas) and to overcome other current

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88 https://www.hse.ie/eng/about/who/hse-strategy-and-research-team/hse-national-service-plan-2022.pdf

89 https://www.hrb.ie/fileadmin/2._Plugin_related_files/Publications/2021_publications/2021_HIE/Evidence_Centre/Reablement_in_the_home_for_people_aged_65_years_and_over.pdf

90 https://www.health-ni.gov.uk/news/publication-statistics-community-care-adults-northern-ireland-2021-2022

91 https://www.gov.ie/en/press-release/2c486-ministers-for-health-announce-increased-rates-of-funding-for-state-funded-home-support-providers/

92 See Table E1 on page x. https://www.esri.ie/system/files/publications/RS122.pdf

difficulties, a further increase of 10% is estimated, which would bring the annual budget for 2024 to €1.05 billion; an increase of €327 million over 2023.

33. Significantly increase funding for home care to allow for the implementation of the statutory home support scheme and to assist with the recruitment and retention of home care workers.

Many older persons provide long-term care for a loved one, without either financial support or professional support. The CSO's 2019 Health Survey found that one in six (16%) of those aged 65-74 are carers, as are one in 11 (9%) of those aged 75 or older. These figures imply that nearly 94,000 people aged 65+ were carers in 2020. In general, carers report poorer health than non-carers.[93] Carers also experience lower incomes (some having given up paid employment) and many struggle financially.[94]

Budget 2024 should make provision to increase both financial and professional supports, including respite, for older persons providing long-term care.

34. Increase supports and respite for older persons providing long-term care.

Many older people—and their families—remain dissatisfied with the level of inquiry into what happened during COVID-19. There remains an unmet need for a focused inquiry into COVID-19 deaths in nursing homes and the experience of people living in nursing homes during COVID-19. This inquiry should be from a rights-based perspective.

35. Conduct a rights-based inquiry into COVID-19's effect on people in residential care settings.

Department of Children, Equality, Disability, Integration and Youth

Mandatory Retirement

As lead department for the review of the Equality Acts, DCEDIY should amend the legislation to abolish the ageist and purely discriminatory practice of mandatory retirement, which is common in private sector contracts at age 65 and which continues in public sector contracts at age 70. Evidence demonstrates the negative mental and physical health effects from mandatory retirement, as well as the negative financial impact on older persons, leading to lower incomes and potentially poverty when they can no longer work.[95] The WHO condemns mandatory retirement as a form of institutional ageism.[96] Mandatory retirement policies were outlawed in the United States under the Age Discrimination in Employment Act 1967. Mandatory retirement was

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93 https://www.cso.ie/en/releasesandpublications/ep/p-ihsc/irishhealthsurvey2019-carersandsocialsupports/carers/

94 https://familycarers.ie/media/2022/family-carers-ireland-state-of-caring-2020.pdf

95 https://www.ageaction.ie/sites/default/files/submission_to_minister_for_children_equality_disability_integration_and_youth_on_review_of_the_equality_acts.pdf

96 https://www.who.int/publications/i/item/9789240016866

substantially restricted in the UK from 2011.[97] Legal advice proposes that Ireland could amend the Equality Acts to make it unlawful to activate clauses in existing contracts to enforce mandatory retirement.

36. **As part of the economic policy of Budget 2024 to support longer working lives and to reduce poverty in older age—and as a measure that will raise revenue and reduce public spending—mandatory retirement should be abolished.**

Cost of Disability

Ireland ratified the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD) on 20 March 2018, and in 2021 the government published a cost of disability report that found "an estimate of the annual additional cost of disability across all survey respondents of €11,734".[98] The Department of Social Protection is currently examining core payments to people with disabilities, with the aim of categorising different forms of disability in order to direct resources towards those in need of greater financial assistance.[99] Budget 2023 provided a once-off €500 payment to recipients of Disability Allowance, Invalidity Pension or Blind Pension. Local authorities administer a Mobility Aids Grant Scheme (up to €6,000) as well as the Housing Aids for Older People Grant and the Housing Adaptation Grant for People with a Disability.[100]

37. **As the lead department for disability policy, working closely with DSP, DHealth, DECC and DHLGH, a comprehensive suite of disability-related cash payments should be developed, which should include older persons who incur additional living expenses due to illness or disability. As a first step, €200 million should be allocated in Budget 2024 towards the development of payments to offset the costs associated with disability incurred by older persons.**

Department of Education

Lifelong Learning

Just 7.2% of Irish people aged 50-74 engaged in education or training within a four-week survey period in 2022, which is higher than the EU average (6.0%) but less than a third of the highest scoring member state (Sweden, 24.8%). While the Irish situation has improved over the last ten years, the rate of participation has fallen compared to 2021

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[97] https://www.ageuk.org.uk/information-advice/work-learning/retirement/retirement-age/
[98] https://www.gov.ie/pdf/?file=https://assets.gov.ie/206636/f8e1b2af-af48-442b-9ca0-aff9efd35bd7.pdf#page=122
[99] Minister of Social Protection speaking at her department's Pre-Budget Forum, 19th July 2023.
[100] https://www.citizensinformation.ie/en/housing/housing-grants-and-schemes/

(7.5%).[101] The sum of €924,779 was allocated in the 2022 Solas plan for lifelong learning opportunities.[102]

38. Age Action proposes doubling the allocation for lifelong learning opportunities, to fund a drive for education and training among older adults, including older workers.

Department of FHERIS

Digital Skills Training for Older Adults

Across the adult population (16+), there are 1.3 million people either not using the internet or using the internet with below basic digital skills, including 670,000 people under the age of 60. Out of one million people aged 60 and older, 280,000 are not using the internet at all,[103] leaving 720,000 older internet users, at least 347,000 of whom have below basic digital skills.[104] When people not using the internet are combined with those with below basic digital skills, they represent more than 6 in 10 people aged 60 or older (628,000 out of one million).

The launch of a national roadmap for digital inclusion is a welcome development, and the strategy recognises the barriers people face to gaining the necessary digital skills and ability to be safe and confident transacting online.

The launch and implementation of the digital inclusion roadmap must be accompanied by adequate funding, including funding for a one-to-one adult digital training programme to replace the Digital Skills for Citizens grant scheme.

39. Fund a successor programme to the Digital Skills for Citizens grant scheme.

Department of Rural and Community Development

SSNO Grants

The Scheme to Support National Organisations (SSNO) is a vital source of funding that enables many community and voluntary organisations to dedicate resources to engage with government consultations and to participate in national representative activities, such as the Social Inclusion Forum, making budget submissions and meeting with officials and elected representatives to discuss public policy. All SSNO recipients are engaged in addressing poverty, addressing social exclusion and/or promoting equality, all of which are concerns in the programme for government.

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[101] https://ec.europa.eu/eurostat/databrowser/view/TRNG_LFSE_01__custom_7017491/default/table?lang=en

[102] https://www.solas.ie/f/70398/x/7c76f57325/fet-services-plan-2022.pdf

[103] https://data.cso.ie/table/ICA76

[104] https://ec.europa.eu/eurostat/databrowser/view/isoc_sk_dskl_i21/default/table?lang=en

In the period 2020-2024, inflation has significantly eroded the value of SSNO grants. Under the 2019-22 scheme, the average value of a grant was €254,000, while in 2022-25 the average value is virtually unchanged at €256,000.[105] This is a cut in real terms, as €256,000 in 2024 will have the same spending power that €214,000 had in 2020.

40. **Budget 2024 should increase funding for SSNO grant recipients by 20% to compensate for the lost spending power of the grant due to inflation.**

[105] https://www.gov.ie/en/publication/1cc46b-list-of-ssno-funded-voluntary-organisations/

Age Action Pre-Budget Submission for Budget 2024 to the Oireachtas Committee on Budgetary Oversight

Age Action advocates for a society that enables all older people to participate and to live full, independent lives

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pobal
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Age Action is part-funded by the Scheme to Support National Organisations 2022-2025, which is funded by the Government of Ireland through the Department of Rural and Community Development

Context

1) Age Action welcomes the opportunity to make a submission to the Budgetary Oversight Committee in advance of Budget 2024 outlining views our the overall budgetary package as set out in the Summer Economic Statement and specific issues we feel should be addressed in the budget. This submission is accompanied by a copy of *Age Action's All-of-Government Budget Submission* as an annex to provide a greater level of data analysis and insights into the lived experience of older people that we have documented.

2) In the context of Brexit, COVID-19, climate crisis, extraordinary inflation, and war in Ukraine, the last three budgets have been 'emergency' budgets, with immediate focuses. Budget 2024 ought to put revenue and public spending on a medium-term footing, with sufficient investment to meet the challenges ahead, such as decarbonisation, digitalisation and demographic change, although the state's framing of ageing has sometimes been unnecessarily alarmist. We must also strive to bring Ireland's social protection and public service provision up to a similar standard to western European norms. The blueprints for doing so are in the Sláintecare plan and in recent proposals from the Department of Social Protection to introduce earnings-related benefits.

3) According to the state's own projections, receipts from tax and PRSI in 2023 are projected to reach €103 billion in 2023, €35.4 billion (52%) higher than in 2020. This is partially due to high inflation which will naturally increase the nominal rate of revenue; but even in real terms this represents a 23.9% increase relative to the value of the euro in 2020. While we recognise that the government should not chase inflation in all areas, the state has both the means and the opportunity to protect those who depend on social protection to provide a safety net for those who need it most. Benchmarking and indexation of welfare would make the social protection system more resilient to economic shocks and maintaining the spending power of welfare rates would not drive inflation. In this context, we note the recommendations of the Committee in its *Report on Indexation of the Taxation and Social Protection System* in July 2022.

4) Failing to increase social protection in line with inflation was a cut in real terms in Budget 2022 and 2023, which affected people's living standards and can be directly linked to the recent rise in poverty among older persons—one in five older persons is now at risk of poverty, including one in three of older persons living alone.

5) Despite the cost of living crisis, the allocation to the Department of Social Protection in 2023 *decreased* by 6%, reflecting the easing of COVID lockdowns, the reduced numbers of people seeking welfare and the cessation of the PUP.[1] It would have been possible to spend another €692 million on welfare rates without increasing Social Protection spending in 2023 beyond what it was in 2022. Instead, when inflation is factored in, overall welfare spending in 2023 was lower in real terms than in 2019.

[1] Revised Estimates for Public Services 2023, https://assets.gov.ie/244538/26edc78f-49db-454f-817f-b27a40d030bc.pdf

Table 1. Inflation and Public Spending (nominal and inflation-adjusted)[2]

Year	Annual average Inflation (%)	Cumulative annual average Inflation (%)	Average spending power of €100 relative to 2020	Public spending (gross nominal euro amount)	Public spending (real, 2020 euro value)	Public spending change from baseline (%)
2020	Baseline	Baseline	€100.00	€84,745,000	Baseline	Baseline
2021	2.40%	2.40%	€97.66	€87,216,000	€85,175,000	+ 0.5%
2022	7.80%	10.40%	€90.58	€88,139,000	€79,836,000	- 6.1%
2023	5.0% (p)	15.9% (p)	€86.28	€89,905,000	€77,570,000	- 9.2%
2024	3.0% (p)	19.4% (p)	€83.75	TBC	TBC	TBC

Table 2. Revenue from Tax and PRSI (nominal and inflation-adjusted)[3]

Year	Total tax and PRSI receipts (nominal euro)	Total tax and PRSI receipts (real, 2020 euro value)	Revenue changes from baseline (%)
2020	€67,600,000	Baseline	Baseline
2021	€79,500,000	€77,639,700	+ 12.9%
2022	€97,200,000	€88,043,760	+ 23.2%
2023	€103,000,000	€88,868,400	+ 23.9%
2024	TBC	TBC	TBC

Specific Recommendations for Actions from a Budgetary Oversight Perspective

6) Given the remit of the Oireachtas Committee on Budgetary Oversight,[4] Age Action would like to expand on four areas to highlight their relevance to the Committee's work:

(A) Concern with the government's age-dependency analysis.
(B) The need for a new national ageing strategy.
(C) The need for a cost of ageing study.
(D) Inconsistency of means testing and eligibility thresholds across departments and public bodies.

[2] Inflation figures from CSO and Department of Finance projections. Spending data from databank.per.gov.ie.
[3] Taxation data from Databank.finance.gov.ie and from the Department of Social Protection in relation to PRSI.
[4] https://www.oireachtas.ie/en/committees/33/budgetary-oversight/our-role/

(A) Age-Dependency Analysis

7) The Department of Finance has articulated four medium-term issues as "four Ds": decarbonization, deglobalisation, digitalisation and demography.[5] It is welcome that the government should set out a multi-year direction for budgetary policy, however the description of demography that has been provided to date is scant on detail and unnecessarily alarmist. For example, it is stated that "At present, there are currently 4 persons of working age for each retiree; this is set to fall to 3 in the mid-part of the next decade and to 2 by around 2050." Yet there were nearly six people aged 15-64 to every older adult just twelve years ago,[6] and the public finances have not been overwhelmed by our ageing population. The use of the age-based dependency ratio is a partial reading of the available data that is likely to reinforce ageism. It is also inaccurate as a predictor of the fiscal consequences of our ageing population.

8) The WHO's Global Report on Ageism discusses the age-based dependency ratio in the following terms:

> "Ageism also manifests itself in the way statistics and data are collected and compiled. […] The use of the dependency ratio […] is another instance of ageism as, in effect, it assumes that all older people are dependent. Many older people continue to contribute to the economy. Older adults offer in-kind or financial support to their children or grandchildren. They volunteer. Many – especially those in countries with no or limited retirement benefits – continue to work in formal or informal employment as long as they can. The dependency ratio fails to reflect this."[7]

9) The UN's Department of Economic and Social Affairs points out the limitations of the indicator, as follows:

> "The dependency ratio is an approximation to the ratio of net consumers to net producers. As a proxy for that ratio, the dependency ratio suggests that children under age 15 as well as persons aged 65 or over are economically dependent. In many populations, however, people do not stop being economically active at age 65, nor is it true that all persons aged 15-64 are economically active. Although older persons often require economic support from others, in many societies they have economic resources of their own and provide support to their adult children. […] Whenever available, direct estimates of net producers and net consumers can be used for a more precise assessment and analysis of economic dependency."[8]

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[5] https://www.gov.ie/pdf/?file=https://assets.gov.ie/262563/be1e0616-663e-43e1-98fe-065ff0e49ce9.pdf#page=38

[6] The CSO found the population in 2021 to be 3,066,609 people aged 15-64 and 531,563 aged 65+, a ratio of 5.8 to 1. https://data.cso.ie/table/PEA11

[7] WHO (2021) *Global Report on Ageism*. https://www.who.int/teams/social-determinants-of-health/demographic-change-and-healthy-ageing/combatting-ageism/global-report-on-ageism

[8] https://www.un.org/esa/sustdev/natlinfo/indicators/methodology_sheets/demographics/dependency_ratio.pdf

10) As indicated in the above quotes, there are two main problems with the age-based dependency ratio as it applies to Ireland. Firstly, not everyone aged 65 or older is a 'dependent', and secondly, not everyone aged 15-64 is economically active and capable of supporting dependents. Developed in 1944, when the demography of Europe was very different, the age-based dependency ratio is an ageist, inaccurate indicator that is no longer useful. Alternative indicators are needed for Ireland to help plan long-term social policy and the fiscal policies needed to sustain it.

11) Age Action suggests using a modified Employment-Based Dependency Ratio (MEBDR), the basic model of which is described by researchers in the International Labour Organisation.[9] Based on the projections and employment assumptions for 2051, the age-based dependency ratio shows 100 people of working age for every 69 to 75 children or older persons, which is an increase of dependency in the range of 30% to 42%, whereas the MEBDR shows that for every 100 people in employment there will be 114 to 124 not in employment, which is in the range of minus 5% to plus 3% compared to today. In other words, if current employment rates are maintained in 2051, including 45.3% of people aged 65-69 (i.e. 13.9% of those aged 65+), there will be no significant change to the 'dependency ratio' compared to 2022.

12) This is not an argument against taking robust actions to ensure future fiscal sustainability. Age Action has called for the government to set out a timetable and process for achieving and sustaining sufficient public spending on pensions, healthcare, and long-term care. The total cost of public pensions, healthcare and long-term care is projected to increase from 10% of GDP in 2019 to 15% by 2050, which underlines the need for the government to take seriously the revenue-raising recommendations of the Commission on Pensions and the Commission on Taxation and Welfare, as well as options explored in the Tax Strategy Group papers. A lack of debate on fiscal sustainability risks Ireland being ill-prepared for the challenges ahead.

13) With a greater number and proportion of people aged 60+ and 80+, there will be larger demands on health services and other publicly-funded services, including the state pension. However, using different indicators provides a more nuanced and accurate picture of our ageing population, and we can look at other European countries to see how they have adapted to population profiles that match what Ireland's profile will be in the 2050s. Such adaption includes higher rates of social insurance combined with more respect and support for older workers.

(B) A New National Ageing Strategy

14) The *National Positive Ageing Strategy* was a welcome development when it was introduced in 2013 as a complement to the HSE's health and wellbeing programme running from 2014 to 2017. However, the strategy was largely focused on health and care, and it was introduced during the aftermath of the financial crisis where there were limited resources available for its implementation. What is needed now is an all-of-government strategy that requires every

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[9] Harasty C, and Ostermeier M (2020) *Population Ageing: Alternative measures of dependency and implications for the future of work*. ILO Working Paper. https://www.ilo.org/employment/Whatwedo/Publications/working-papers/WCMS_747257/lang--en/index.htm

department and relevant public body to consider how it will adapt to our ageing population, across all functions of government including employment, transport, housing, consumer protection, banking and finance, etc. Such a strategy would support Ireland's commitments under the Madrid International Action Plan on Ageing and contribute to the United Nations Decade of Healthy Ageing.

15) The need for an all-of-government strategy to address ageing can be illustrated by reference to digitalisation. Digitalisation is another one of the four medium-term issues identified by the Department of Finance and it is a concern for many older persons. Of the 1.3 million people in Ireland with 'below basic' digital skills or who do not use the internet, nearly half of them are aged 60 or older. Based on national surveys, out of one million people aged 60 and older, 280,000 are not using the internet at all,[10] leaving 720,000 older internet users, at least 347,000 of whom have below basic digital skills.[11] When people not using the internet are combined with those with below basic digital skills, they represent more than 6 in 10 people aged 60 or older (628,000 out of one million).[12] While the state's digital first policy intends to avoid 'digital only' access, many older persons experience difficulties getting help through potentially underfunded traditional channels of communication like phonelines or counter services, due to the push for transactions to be done online.

16)]All publicly-funded services—as part of the Public Sector Human Rights and Equality Duty—must ensure fair access to people not comfortable with digital technologies for at least the next 15-20 years. A national ageing strategy will help by compiling the issues and highlighting best practice, as well as by requiring public bodies to identify and address the needs of older persons using their services.

(C) A Cost of Ageing Study

17) A forthcoming Age Action report will describe the incomes and living costs of older persons based on surveys and focus groups as well as desk research using available data. It is clear from our research that while most older persons can cope with regular weekly costs—of a modest nature—many of them struggle with once-off costs. The state pension is not designed to assist people with predictable once-off costs such as home repairs, adapting a home due to disability, care or medications not covered by the HSE, replacing a second-hand car in rural areas, and so on.

18) It is also clear from our research that older persons rely heavily on social protection. Based on data from the Survey of Income and Living Conditions (CSO), the bottom 30% of older persons (aged 66+) in the income distribution are almost entirely reliant on the Department of Social Protection (DSP), which provides them with 92-99% of their income. Most of these households are likely to be older persons living alone, and disproportionately women. The next 40% rely on DSP for most (58-79%) of their income. The top 30% also gain a significant

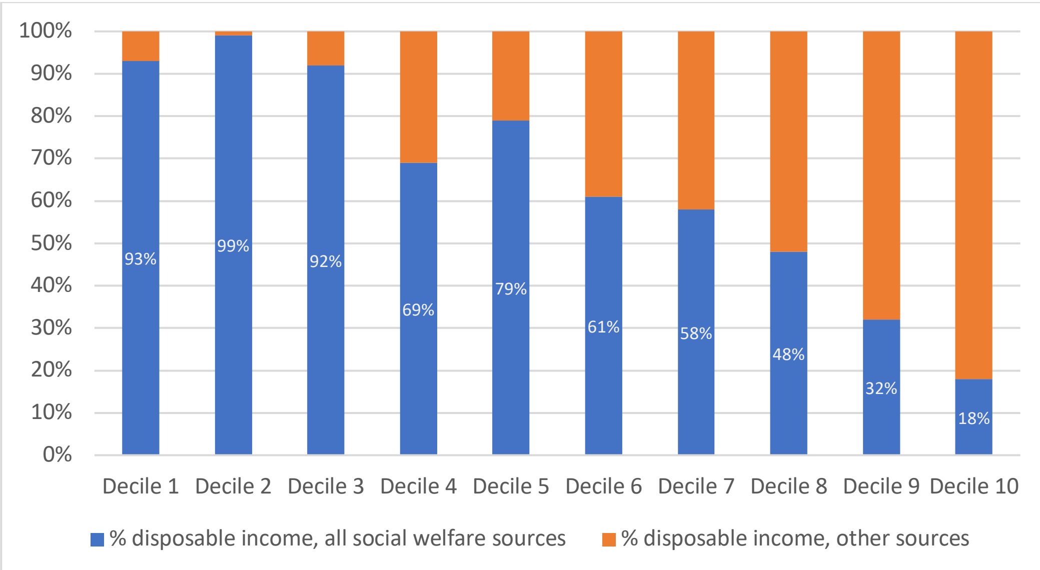
[10] https://data.cso.ie/table/ICA76

[11] https://ec.europa.eu/eurostat/databrowser/view/isoc_sk_dskl_i21/default/table?lang=en

[12] Figures based on 10% of those aged 60-64, 17% aged 65-74 and 51% of those aged 75 or older not using the internet, combined with 61% of those aged 60-64 and 51% of those aged 65 or older having at least basic digital skills.

part of their income from welfare, ranging from nearly half (48%) to a fifth (18%) of their income.

Figure 1. Percentage of Household Income (Aged 66+) from Social Protection Sources (SILC 2022) [13]



19) Further research is needed to provide a more detailed account of the costs associated with ageing—especially as most people can look forward to an average of 19 or 20 more years of life once they reach 65.

20) A cost of ageing study would clarify the likely demands placed on the state in terms of the state pension, healthcare, long term care and grants mechanisms like the local authority housing grants and the SEAI home insulation grants. It will also help crystallise the extent to which people need to save to have an adequate income in retirement beyond what the state can provide.

(D) Means Testing and Eligibility Thresholds

21) It is a constant source of concern to older persons that a small increase in their weekly income could make them ineligible for the over-70s medical card or for Fuel Allowance (and therefore access to the SEAI free scheme) or for local authority housing grants.

22) A person may gain as little as one euro per week but then lose other supports worth thousands of euro and which gave them peace of mind. The over-70s medical card is a key example of this. Many older persons feel reassured when they have this card and they feel anxious when they lose eligibility as they do not know if they will be able to afford life-changing healthcare treatments. Every year, Age Action sees the same scenario played out where the Department of Social Protection raises the state pension, but other departments make no adjustment to their means tests or eligibility criteria. With the recent high level of inflation, this has a much larger impact with thousands of older persons losing access to grants or services.

[13] Data provided directly to Age Action by the CSO.

23) For example, a man in his eighties took part in an Age Action focus group this year. He lost his Medical Card after his social protection payments increased by a cumulative €10/week. Because of that additional €10 in his income, he now pays €80/month more in medical costs. Moreover, his first hearing aid while he had the card was free, but after losing his card he had to replace it at a cost of €1,000 through the cheapest provider he could find.

24) Failure to adjust eligibility thresholds is essentially a reduction in eligibility by stealth, as a lower proportion of people will be eligible for the service in future if the effective income threshold is lower in real terms to what existed before. An all-of-government approach is needed to the issue of means testing to ensure basic equity and administrative justice.

Age Action's Budget 2024 Proposals

25) Below is a list of Age Action's 40 priority proposals for Budget 2024, including raising the State Pension by €30/week to offset inflation since 2020, and expanding medical card eligibility to all those aged 70 and older as a fulfilment of the promise of Sláintecare. The net cost of these proposals, accounting for those which would require expenditure and those which would raise revenue, is €1.1 billion. (Please see our full all-of-government budget submission for details).

For the Department of An Taoiseach

1. Develop a new national ageing strategy.
2. Create an independent Commissioner for Ageing and Older Persons.
3. Commission a cost of ageing study.

For the Departments of Finance and Public Expenditure

4. Set out a timetable and process for achieving and sustaining sufficient public spending on pensions, healthcare, and long-term care.
5. Increase the tax exemption thresholds for people aged 65+ to €21,500 for an individual and €43,000 for a couple.
6. Reduce pension tax breaks for high earners and tax-free lump sums on retirement.
7. Ensure all departments update means tests and income thresholds in line with inflation and changes to social protection rates.

For the Department of Social Protection

8. Increase the contributory State Pension by €30/week.
9. Revise the income thresholds for the non-contributory State Pension.
10. Set the maximum rate of the non-contributory State Pension to the same level as the contributory State Pension.
11. Raise the Living Alone Increase by €8.
12. Extend eligibility for the Benefit Payment for 65-Year-Olds to any person who is affected by mandatory retirement at age 65, not just those with a sufficient social insurance record, and increase the rate of the Benefit Payment for 65-Year-Olds to the full rate of the contributory State Pension.

13. Implement an income threshold of €700 for older persons living alone to become eligible for the Over-70s Fuel Allowance.
14. Provide a one-off €500 payment to every state pension recipient, including qualified adults, to compensate for lost spending power in the period 2021-2023.
15. Ring-fence money under the Additional Needs Payment mechanism for means-tested one-off payments that promote older persons' social inclusion, such as replacing a second-hand car in a rural area; and advertise this opportunity through local radio and newspapers.
16. Maintain Free Travel Passes.
17. Increase employers' PRSI to 13% in all cases.
18. Increase self-employed PRSI from 4% to 6%.
19. Commence auto-enrolment pension policy.
20. Increase the rate of the Telephone Support Allowance to €7.50/week, renaming it the Digital Allowance.

For the Department of Environment, Climate, and Communications

21. Implement Age Action's proposals for an Energy Guarantee for Older Persons.
22. Extend eligibility for the SEAI Fully Funded Energy Upgrade grant to any older person living in a poorly insulated house.

For the Department of Housing, Local Government and Heritage

23. Increase investment in local authority grants (e.g. older persons housing grant).
24. Repurpose local authorities' housing loans to provide a 'rightsizing' bridging loan.
25. Increase funding for inspections of private rented accommodation by local authorities.

For the Department of Transport

26. Review the Free Travel Pass for older persons to remove barriers to access.
27. Expand rural transport options.

For the Department of Foreign Affairs

28. Increase Official Development Aid to 0.7% GNI, including a focus on ageing.

For the Department of Health

29. Ring-fence a greater proportion of health spending for the implementation of Sláintecare.
30. Expand medical card eligibility to everyone aged 70 or older.
31. Increase investment in the development of a reablement service across all HSE regional areas, with 12,000 places annually.
32. Abolish prescription charges for people aged 70 and older.
33. Significantly increase funding for home care to allow for the implementation of the statutory home support scheme and to assist with the recruitment and retention of home care workers.
34. Increase supports and respite for older persons providing long-term care.
35. Hold a rights-based inquiry into COVID-19's effect on people in residential care settings.

For the Department of Children, Equality, Disability, Integration and Youth

36. Abolish mandatory retirement.

37. Develop a comprehensive suite of cost of disability payments.

For the Department of Further and Higher Education, Research, Innovation and Science

38. Increase lifelong learning opportunities funding to Solas.
39. Fund a successor programme to the Digital Skills for Citizens grant scheme.

For the Department of Rural and Community Development

40. Increase funding for SSNO grant recipients by 20%.

Please see Age Action's all-of-government budget submission for more details.