



Opening Statement by Social Justice Ireland to the Select Committee on Budgetary Oversight on the 25th October 2023.

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Structurally, Budget 2024 follows a similar path to that adopted last year, with a mixture of immediate measures, one-off supports, and changes to income tax and welfare payments from January 2024. Given the challenges that so many households face in making ends meet, particularly those on the lowest incomes, much of that assistance is welcome and badly needed.

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

In the immediate term, counting both permanent and temporary measures, the Budget gives more resources to lower income households; something we explore further on pages 8 and 9 of our Budget 2024 Analysis and Critique. However, once these temporary measures are discontinued (from April 2024 onwards), the gains to welfare dependent households in this Budget will fall by 35 to 46 per cent. One-off measures are a response to cost-of-living pressures, however while inflation is falling, a fall in prices would require deflation: the high prices will remain, while the supports won't. These Budget 2024 decisions have skewed resources in favour of higher income individuals and households.

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

In particular, the Budget has provided least for the large cohort of lower income workers; those earning above the minimum wage but below annual income levels that allow them to experience much of the value of the income tax changes. A group earning around €15 to €20 per hour (€30,000 to €40,000 per annum). According to data published by the Revenue Commissioners¹, in 2021 this group consisted of 514,316 individuals. Year after year this large group of workers hears of 'gains' from the Budget but experiences little if any of them; something that cannot persist both due to its distributive effects and the socio-political reality that we cannot keep ignoring these workers and families. To illustrate, a couple with one earner on €30,000 is up only €1.62 due to this budget, while a couple with two earners on €100,000 has benefitted by €29.89.

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

Failure on Child Poverty

This Government had pitched Budget 2024 not only as a cost-of-living budget, but also one that seeks to address child poverty – a goal that *Social Justice Ireland* ardently supports. Child poverty is a reality

¹ [Individualised Gross Income Distribution \(revenue.ie\)](https://www.revenue.ie/en/individualised-gross-income-distribution)

for one in every seven children in Ireland, about 190,000 children; a stark statistic which raises major questions for fairness and progress. The recent increased political focus on child poverty (via the establishment of a Child Poverty and Well-Being Office in the Department of the Taoiseach, the launch of its 'Initial Programme Plan' 2023-25, and measures in Budget 2024) is welcome and overdue. Given the slow and limited progress achieved by many previous anti-poverty strategies, it is crucial that these new anti-child poverty ambitions translate into real solution.

Child poverty is essentially an issue of low-income families and solutions hinge on adequate adult welfare rates, decent rates of pay and conditions for working parents, and adequate and available public services. Child benefit also remains a key route to tackling child poverty. It is of particular value to those families on the lowest incomes and we are deeply disappointed that this was not increased in Budget 2024. *Social Justice Ireland* welcomes Government's identification of key areas for policy focus to address child poverty, including income levels and the cost and availability of services. Unfortunately, Budget 2024 failed to adequately prioritise and resource these areas.

No ambition on housing

Continued inflation is primarily being driven by housing costs. Data published by the CSO the day after Budget day indicate that the division of the Consumer Price Index with the largest increase in the 12 months to September 2023 was Housing, Water, Electricity, Gas & Other Fuels, which grew by 16.9 per cent. Within that division, 'Actual rents for housing & mortgage interest' increased by 18.4 per cent, while mortgage interest increased by almost 50 per cent in 12 months.

Research undertaken by the Parliamentary Budget Office suggests that, between 2012 and 2022, residential property prices rose by 75 per cent, private rents by 90 per cent, while wages rose by just 27 per cent.

It is clear that the housing crisis is fuelling the cost-of-living crisis, yet Government has again failed to support those most in need, in favour of subsidising property owners.

Rather than increase housing stock, the extension of the Help to Buy and First Home schemes will simply maintain high house prices. Likewise, the Rent Tax Credit does not benefit low-income renters. Meanwhile, the commitment to build 9,300 social homes in 2024, fails to take account of the 1,567 shortfall on the 2022 target, and the likely shortfall from 2023.

The Mortgage Interest Relief announced in Budget 2024 will benefit mortgage holders with tracker or variable-rate mortgages the most, irrespective of their capacity to pay. It is deeply regrettable that Government did not instead target borrowers of the more than 17,000 mortgages which fell into arrears as a result of rising costs.

Failures on taxation policy

The decisions made on taxation will widen divides in Irish society and are unfairly targeted. Raising the threshold for the higher rate of tax serves only to benefit those already on incomes above €40,000. While less regressive, changes to the USC will only benefit those with incomes above €22,920 and is negligible for workers earning between €15 and €20 per hour. *Social Justice Ireland* has continually highlighted the relevance of refundable tax credits as a means of making the taxation system fairer, especially for those in part-time low paid work.

No evidence of just transition

Transition is not just about reducing emissions. It is also about harnessing the benefits to transform both our society and our economy. While Budget 2024 contained some welcome measures, the long-

term strategic investment required to build and deliver the services and infrastructure to support a Just Transition was absent. In particular, we regret that Budget 2024 did not contain an allocation to support the establishment of the Just Transition Commission, and the establishment of an ongoing Just Transition Dialogue.

Infrastructure

Accessible, available and quality public services and infrastructure, such as social housing and primary care, have the greatest impact on the poor, yet regressive cuts to public services and infrastructure budgets made in the wake of the Great Financial Crash in 2008 have not been reinstated. Budget 2024 was an opportunity for Government to address this. While we welcome the establishment of the two new funds announced in the Budget (Infrastructure, Nature and Climate Fund and the Future Ireland Fund), we are concerned that there remains limited information as to how these funds will be used. Given the scale of the Exchequer funding likely to arise over the next few years, some €40bn-€60bn, Irish society needs to urgently engage in developing a worthwhile vision so that these funds are wisely invested.

Conclusion

There is considerable evidence to show that the cost-of-living crisis hits low-income families the hardest. Budget 2024 was an opportunity for Government to address this. Instead, it contained a range of temporary measures for the poorest, while favouring wealthier households with permanent tax changes.

Social Justice Ireland does not accept aspects of the Budget that ignore the most vulnerable and marginalised and leave Ireland's poorest worse off when Budget 2024's one-off measures are discontinued early next year. We call on Government to revisit its decisions in these areas and to make the necessary adjustments in the forthcoming Social Welfare Bill to ensure the most vulnerable are prioritised. In particular, we urge Government to increase core social welfare rates by €25 a week. Anything less is a failure of this Government to do what is necessary to address poverty.

[**Social Justice Ireland's comprehensive analysis of Budget 2024 is available here.**](#)