

DÁIL ÉIREANN

AN ROGHCHOISTE UM FHORMHAOIRSIÚ BUISÉID

COMMITTEE ON BUDGETARY OVERSIGHT

Dé Céadaoin, 25 Deireadh Fómhair 2017

Wednesday, 25 October 2017

Tháinig an Roghchoiste le chéile ag 2 p.m.

The Select Committee met at 2 p.m.

Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies	
Thomas P. Broughan,	
Dara Calleary,	
Lisa Chambers,	
Pearse Doherty,	
Martin Heydon,	
John Lahart,	
Michael McGrath.	

Teachta / Deputy Josepha Madigan sa Chathaoir / in the Chair.

Business of Select Committee

Chairman: Today the committee will meet representatives of Social Justice Ireland to discuss equality budgeting and its analysis of the impact of the budget on different groups in society. Before commencing this discussion, we will go into private session to deal with some committee business.

The select committee went into private session at 2.05 p.m. and resumed in public session at 3.15 p.m.

Equality Budgeting: Discussion

Chairman: I remind members and delegates to turn off their mobile phones, the interference from which affects the sound quality and transmission of the proceedings.

From Social Justice Ireland I welcome Dr. Seán Healy, director, and Ms Michelle Murphy, research and policy analyst. I thank them for making themselves available. We are interested in hearing from them about equality budgeting.

By virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by it to cease giving evidence on a particular matter and continue to so do, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against any person or an entity by name or in such a way as to make him, her or it identifiable.

Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official, either by name or in such a way as to make him or her identifiable.

I invite Dr. Healy to make his opening statement.

Dr. Seán Healy: We welcome the opportunity to discuss the impact of the budget and consider the issue of equality budgeting from that perspective. This committee will have a critically important role to play in the development of budgets in the years ahead. We will give an overall assessment of the budget and consider equality budgeting and how it might apply.

The budget sees modest improvements for some but fails to get to grips with the scale of the series of crises that need to be addressed. Ireland faces several persistent challenges. There are over 8,000 people, of whom 3,000 are children, without a home. Over 213,000 children, or nearly one in five, are at risk of poverty. One in three children is experiencing deprivation, while 128,000 are living in consistent poverty. Over 90,000 households are on housing waiting lists. There is also the two-tier healthcare system and the growing divide between those living

in urban and rural areas. Those are just some of the challenges. Everybody present could have a list of the serious challenges we face. While the budget shows some modest improvements, there is no sense that we are getting to grips with these challenges.

The tax changes could have been fairer. The Government insisted on using approximately one third of the money available to reduce taxation. In our analysis of the budget we have circulated and sent to the committee - we have hard copies available for members - we show that the Government could-----

Chairman: Is that Social Justice Ireland's own budget?

Dr. Seán Healy: It is our own response, analysis and critique of the budget that was published after budget day. We show that with very slightly less money than the Government spent on tax cuts, a much fairer approach could have been taken. Two things could have been done instead with the same money. First, income tax credits could have been made refundable, meaning that all the benefit would go to people in low-pay work and deal with the issue of poverty in work or the working poor issue. Second, there would be enough money to give €100 in refundable tax credits to every person who has a job, meaning, in effect, that everyone would get €100, couples would be €200 a year better off and the low-paid and the working poor would get slightly more. That is a much fairer outcome of the distribution and, in fact, there would be a small surplus left over for any other issues needing to be covered if this were done. That is just one example of what we mean when we say tax changes could be much fairer. These things could have been done and we spell them out in our analysis and critique. I will tie this back into equality budgeting.

The low total tax take is not sustainable in the long run. If we want to maintain existing levels of services in a situation in which the population is growing and ageing, we will not be able to provide those levels of service without additional taxation; therefore, that issue needs to be considered. We suggest the issue of corporate tax contributions, for example, be examined much more closely. We have proposed, for example, a minimum effective corporate tax rate of 6% - in other words, that corporations would have to pay at least 6% and that they would not be able to take the rate below that with whatever tax breaks they get. This would still leave the Government with plenty of space between the 12.5% rate and the 6% rate to encourage people to do research and development, move to the west or do whatever else.

We also wished to highlight that greater public investment was required. Ireland has one of the lowest levels of public investment in the European Union, which we find quite scary because of the long-run implications of such a low level of public investment. While the resources available in the budget for redistribution were relatively small, the Government did not spend them all on the investment side; as I said, it devoted close to a third of them to reducing taxation. We need to think laterally about how this is done. We have made suggestions as to how there could be a substantial increase in the investment in social housing, for example, while keeping it off the Government's books at the same time in order that there would not be problems with the fiscal measures from Brussels.

The next issue we wanted to highlight was transparency. We have a serious concern that the budget document supplied by the Government raised some questions about transparency. For example, we do not believe the information and backup figures for the healthcare budget are really transparent. I will spell this out. Outstanding expenditure of approximately €100 million is being carried forward but we cannot see where the provision for that is in the budget for 2018. It seems to us that there is an overhang of €100 million, an overspend in 2017 being

carried into 2018, which, because it will be last year's money when 2018 comes, will become the first charge next year. Then, to maintain that level of service, that €100 million will become a bill again, and we cannot see this in the budget numbers. The second issue that causes us problems in that regard is that we do not believe the provision for pay increases in health is adequate. When one thinks about a sector that has 100,000 employees and the allocation that is in the books, it seems to us that quite a substantial component of the pay increase is not actually provided for in the health budget, which means, in effect, that as the pay increases are already agreed, it therefore means there must be cuts somewhere else if the budget is to balance in 2018, and we do not see this. Third, while we welcome the announcement of new initiatives and increased overall expenditure on health, it does not seem to us to be possible to maintain the existing level of service and at the same time implement all the new health care initiatives in the budget. There is an issue about the transparency of the budget numbers and we have drawn attention to it in previous years. This is a critically important issue for Deputies and Senators because ultimately it is the Members of the Oireachtas who vote on the budget and make the choices and so on.

The issue of budget proofing is hugely important and needs to be addressed. There has been a devastating impact on a lot of people in the past ten years as a result of the crash and all the various things that have flowed from it. We do not think budget 2018 has taken any significant initiative to measure whether, for example, poverty and inequality will fall or rise as a result of the budget's overall impact. We are happy to see a paper on how to proceed on equality budgeting, and it is very strong on one dimension of equality budgeting and equality proofing, that is, the issue of gender. That is very important and budget proofing from a gender perspective is critically important and absolutely must be done. However, it is not the only dimension. In the paper prepared by the Department and published on the day of the budget, only in the last third does the issue of distribution arise in any serious way, and it seems to us that this is a critically important issue. I will come back to what the key headings should be in terms of budget proofing. We argue and believe very strongly that budget proofing should be an integral part of all future budgets in Ireland. We also think this committee has a serious role to play in ensuring budget proofing is part of the process. Much work could be done to back up this committee. Much work also could be done in advance, that is, before the budget also.

As for ensuring a good future for the country that produces well-being for everyone, we set out in our opening statement a table with five columns. The opening statement has been supplied to the committee. We are saying that in a policy framework for a just Ireland, there are five things - members can see them across the top of the table - that people and the Government should be working for: to build a vibrant economy, to have decent services and infrastructure, to have just taxation, to have good governance and to be sustainable in whatever we do. I think there would be fairly strong or widespread agreement across these headings. The challenge is to work out how they are operationalised and so on. We suggest, in terms of policy proofing the budget, that these five areas need to be proofed. What does this mean in practice? One of the things that should be measured in respect of the vibrant economy, for example, is whether there has been adequate public investment, given the scale of the situation in any year or what is being planned over a period. Furthermore, there is the importance, when one is equality proofing a budget, of ensuring that the choices made promote fiscal and financial stability. We need sustainable economic growth. That is one element. The second element is proofing the services and the infrastructure to ensure, for example, that the services are becoming less two-tier if they are already two-tier, that they are not moving in the wrong direction and that the infrastructure is being provided not only to maintain the existing level of service but also to improve it.

With regard to just taxation, we need increased equity in taxation and reduced income inequality. There is solid scope for equality proofing in the budget.

The next issue is good governance. What we are speaking about here is a measure of whether the budget is a participative process. At one level the budget is, of course, the document produced by the Government because it is the Government's view of the priorities and, given the resources available, what it will do. What we would say is that it is important to involve the various sectors of society in the process of working out the best options. The reason for this is that the various sectors have different experiences of the realities in which we live and of the policies as implemented and it is important to bring this experience to the table, together with possible ideas, suggestions and proposals worked out about how these issues could be resolved.

We believe the issue of sustainability is critical for equality proofing. An example of what we would be looking at here is whether the changes and initiatives in the budget promote balanced regional development. To help with this, we have been arguing for quite a while that we need to go beyond our current toolkit that measures whether we are making progress, which is measured by GDP and one or two other things, to a much more nuanced approach that would, perhaps, include a lot of other indicators. There are examples of this in other countries, where they have shadow national accounts. They keep the national accounts exactly as they are kept everywhere, but they have another set which is more nuanced. For example, this set adds in the value of unpaid work or takes out the use of raw materials that cannot be replaced.

Drafting a budget involves major decision-making about the direction of society and how available resources can best be used to address the challenges being faced by society, while moving towards a desirable and just future. Equality proofing is central to this. I absolutely agree the work on gender proofing that has already begun should be continued, but we strongly urge a much wider approach to cover the types of issues we have set out in order that we get a comprehensive proofing of the budget to ensure it works to build a vibrant economy and well-being for all in a sustainable way, with everybody participating in shaping the decisions that are being made.

Chairman: In his statement Dr. Healy suggested there is very little in the budget in terms of public investment. The spending in budget 2018 on public services and infrastructure increased by 4.5%, going from €1.5 billion to €1.8 billion. We have the M7 motorway, the new emergency department in University Hospital Limerick and the national indoor arena in Blanchardstown. Does Dr. Healy accept the fact more has been done in this budget? He has said there are modest improvements, but I suggest there is more than this considering the fact we must balance the books, the available fiscal space and the risk of overheating.

I want to ask Dr. Healy about his comments on the Department of Health and the anomalies he mentioned, including the €100 million outstanding expenditure with no provision for it to be carried forward in the 2018 allocation. He also said Social Justice Ireland has a critique and analysis of the budget, but we do not have a copy of it. Has Social Justice Ireland raised this issue with the Department of Finance? Has there been any response? Will Dr. Healy take the committee through the analysis of these figures and explain how this anomaly was discovered? How does Dr. Healy think the committee can help with regard to transparency?

Dr. Seán Healy: We sent the link to the document to the secretariat; therefore, the committee should have it. We can provide hard copies for anyone who is interested in having one. We acknowledge fully the increase in public investment in the budget generally. We also acknowledge the increase in expenditure in the overall budget. However, what we are saying is Ireland

has a very low level of public investment compared to other European countries. We have one of the lowest, particularly when we think about our peers in the EU15, and not counting Lithuania, Bulgaria and such places. If we look at the EU15, we have a much lower level of public investment annually and we are very concerned about this. We have been concerned about it for several years. We did a briefing some years ago, which showed that at that point we had the lowest level of public investment. What worried us - we pointed it out at the time - was not that we had the lowest, which was bad enough, but that if we doubled our investment at that time we would still have had the lowest level of investment in the European Union. We are very concerned that if we do not put in the investment now, we will store up problems for ourselves down the line. We fully acknowledge that we must stay within fiscal parameters, although we suggest they should be renegotiated and we have suggested ways of doing this. We also suggest there are ways of having special purpose vehicles for dealing with housing, and social housing in particular, because we consider it to be a one-off expenditure that urgently needs to be done. We believe agreement could be got for this.

With regard to the Department of Health, what we are speaking about is straightforward enough. The first issue has to do with the overrun. The director general of the HSE told an Oireachtas committee before the budget that he was heading in that direction. When we look at the numbers in the health budget, we do not see where the money is and, therefore, we conclude it is not there.

Chairman: Has Social Justice Ireland written to the Department of Finance about it?

Dr. Seán Healy: We have sent the complete response to the Department of Finance and this issue is one we have raised previously with it. This is not the first time. We have been analysing budgets for 30 years. The first time we did it was in 1987.

Chairman: Did Social Justice Ireland receive a response?

Dr. Seán Healy: No. That is the point. We did not receive anything. We get acknowledgements, but we do not get any explanation that is appropriate. I suspect-----

Chairman: How did Social Justice Ireland discover the anomaly?

Dr. Seán Healy: There are other anomalies, but the first I mentioned was the outstanding expenditure and overrun in 2017. The director general of the HSE stated there was an overrun. We looked in the budget when it was published on budget day for some indication this overrun was being dealt with. We listened to the press conferences and read the press releases and all of the documentation. We cannot find any evidence it is being dealt with.

The second issue is our reading of the provision for pay increases, which seems to be too low. This is on the basis the organisation that must be funded has approximately 100,000 employees. Therefore, given the increases, which were not huge, that were granted and the number of people and multiplying it out, it seems to us that the amount allocated might be a little more than half of what is required and falls substantially short. We think it is €100 million short of what the bill will cost. We may be wrong and I would love to be proved wrong. However, if we are right, that €100 million has to be taken from somewhere within the current HSE budget.

The third issue relates to the new expenditures that were announced in the budget. There seems to be little provision for the things I have just pointed out. It seems to us that it will not be possible within the allocated budget to maintain the existing level of service while implementing all of the new and welcome initiatives that were announced. That is where we are coming

from.

Deputy Pearse Doherty: I will tease the health expenditure issue out a little. I subscribe to the points that have been put forward by Social Justice Ireland. Again, I commend the organisation for the excellent work both pre and post-budget. The document is informative and gives good analysis in terms of where we are at and where are the pressures. In terms of the health budget, Dr. Healy referenced the fact that there was an overspend this year. Is that where he derives the €100 million figure from? The overspend was said to be in the region of €300 million. Would the additional money to be put in cover €200 million of the overspend? Is that how Dr. Healy extrapolated the figure?

Dr. Seán Healy: We were trying to be extremely careful not to overstate the case. There are things we cannot understand. Any Deputy who looks at the budget closely, as everyone here does, knows that we do not have the detail until we get the Revised Estimates. Therefore, there is a problem with the actual breakdown. Looking at it closely, it seemed to us that there were some spaces where there seemed to be a little leeway. We were trying to work out the exact amounts. From where we were sitting, we thought there was at least a €100 million shortfall. It could be higher. We wanted, however, to be absolutely sure that whatever we claimed was not going to be knocked over because we had missed something. We were trying to be careful.

There is another €100 million on the pay side that we do not think is accounted for in the budget. If that is the case, there is a couple of hundred million that has to be found somewhere, which means that there will be cuts in one form or another either in the existing level of service or on the other side, that is, in the new initiatives. Of course, some efficiencies, as they are called, might also be suddenly found, but nobody was indicating what they might be.

Deputy Pearse Doherty: The efficiencies usually end up being the closing down of wards and cancelling of operations so that they do not have to spend the cost of treating people and can come in on budget. Dr. Healy's view is that the health budget will result in a decreased service once we take on board the pressures that will be on the health services in 2018 and that matters will be worse in 2018.

Dr. Seán Healy: Either that or there will be a larger overrun in 2018 than there was in 2017. It is one or the other and neither of those outcomes is desirable.

Deputy Pearse Doherty: What would Social Justice Ireland have argued in terms of addressing that fact? Where does it think the budget went wrong on the health allocation?

Dr. Seán Healy: We have argued strongly that the cornerstone of the health system should be primary care and community care. That is where the investment should go over time in order to try to ensure we can keep as much work being done as close to people as possible rather than having them head off to accident and emergency units as the access route into services. The health budget needs serious re-doing and it will take a number of years to do it. It needs to be more integrated than it is. It was close enough to that a number of years ago. There was a time when primary care, community care and the hospitals were together in different areas in the different regions. This was under the HSE. However, then a Government decided that hospitals would be split away. From that moment on, there was a problem, which is recognised in the budget and the Minister's statement, as the Government is looking now to set up another body to examine how to integrate the hospitals back into the health system. A number of years have been lost because the original break of the two of those should not have happened. However, that is the past. In the future there is a need for integration of the whole system and primary

care and community care need to be the cornerstone. We would have primary care centres and health groupings at local level. These would be the starting point rather than hospitals and acute services. There is value in such an approach. For instance, were we to do better on home care packages and so on, that costs far less and older people want to live at home rather than be in hospitals or nursing homes.

Deputy Pearse Doherty: I agree. On whether the health package will be delivered as a result of the overrun, of the additional measures which amount to just in excess of €200 million, €35 million is not going to the public sector but the private sector. It goes to private hospitals through the National Treatment Purchase Fund, which was an old sticking plaster and a favourite of a previous Government. What is Social Justice Ireland's view on the amount of the health budget that will go to the private sector?

Dr. Seán Healy: The National Treatment Purchase Fund is a method to try to fast-track a solution. If it works, and it has worked in the past in reducing waiting lists and waiting list times, it is useful. However, I would not see it as a long-term solution. We need an integrated one-tier system rather than a two-tier system. We need a system that provides care and addresses need in a way that does not have the scale of waiting lists or the times on waiting lists that people are waiting for treatment. That is done in an integrated system, which I was advocating a moment ago. That is where we need to be going. As we need to realise that we will not do that in a year, we have to be doing things to try to reduce waiting lists and the time and so on. The National Treatment Purchase Fund seems to achieve that in that it is an effective way of working, but we would not see it as a long-term solution.

Deputy Pearse Doherty: In its written submission, under the heading "Low total tax-take not sustainable", Social Justice Ireland stated:

An increase in Ireland's overall level of taxation is unavoidable in the years to come; even to maintain current levels of public services and reports, more revenue will be needed to be collected. Consequently, an increase in the tax-take is a question of how, rather than if, and we believe it should be of a scale appropriate to maintain current public service provisions while providing the resources to build a better society.

I will dig into this further.

Are we talking about the actual amount of tax that is collected or the percentage of tax that is collected because while there can be tax cuts, because more people are in employment and wages are increasing, the amount of taxation increases?

Given what we are looking at in the next three years, as part of the confidence and supply arrangement with Fianna Fáil we are likely to see about €3 billion of tax cuts of the €10 billion in fiscal space that would be available over the three years. What is the view of Social Justice Ireland in that regard? We always hear that this is the biggest budget allocation ever to education or health. This is nonsensical and stupid commentary because there are more children in school and people who need health services. Of course, wages are increasing. If we tracked it from 1920, the budgets would have gone up every year other than during the austerity years. Can the delegates reference it? How does that sit with the fact that we are likely to see significant decreases in tax under the current trajectory or strategy of the Government?

Ms Michelle Murphy: We are looking for an increase in the overall tax take as a percentage of GDP. In our budget choices document and socio-economic review, we argue that we need a 1% percentage point increase each year between now and 2020 just to begin to bridge the gap.

We are still under the threshold for what the European Union defines as a low-tax economy, but we need to start bringing in those kind of funds to provide the school places that will be required for those children who will be looking for them and the commensurate higher or further education places.

With regard to the increased number of older people we will have in the country, it is not just a health but a care service issue and if there are more older people with more acquired disability, how does our disability strategy run from young to old and how do we ensure a continuum of care? We make a number of proposals in terms of how we would increase the overall tax take. It cannot just be focused on income tax. A significant amount can be done with reform but we would say that the minimum starting point is a 1% percentage point increase each year between now and 2020 if we are going to deliver the services people require, such as the current level of service in health but also the new and welcome initiatives that were announced.

The reality is that the health and education budgets in particular will have to increase in the coming years no matter what way one looks at it. This is without introducing any new initiative at all but just to provide an existing level of service. Dealing with the higher education funding issue is a huge challenge and we need to look at how that will be funded. In health, it involves providing the services people will need in the areas in which they live. As we have the census data, we know where people are living. Older people will not migrate to more urban centres. How are we going to provide them with home care packages and social care in their areas in which they live? That money needs to be put in place now. Those services might not be needed for another five or six years but the infrastructure needs to be put in now. That requires more funding. Overall, it must be an overall increase in the tax take as a percentage of GDP as opposed to just the amount of revenue.

Deputy Pearse Doherty: If tax increases were introduced in other areas, does Ms Murphy think there is sufficient scope for personal income decreases?

Ms Michelle Murphy: We have never been in favour of personal income tax decreases. The issue is the refundable tax credit where the tax system is made more equitable, particularly for low-income workers. We have one of the highest levels of people who are considered low paid in the European Union. In July, the Low Pay Commission report highlighted that issue. The people in question are concentrated in particular sectors. In order to ensure this group of people are treated equitably within the income tax system and get the same benefits as everybody else, we propose that tax credits be made refundable. However, on an overall basis, the answer to the Deputy's question would be "No" because the amount of people paying income tax will decrease as we age; therefore, I would not see any scope in terms of reducing personal income taxes. Our submission shows that if we compare the effective tax rates, not the marginal rates, from 2000 to 2018, we can see that people paid a lot more tax 18 years ago than they do today at different income levels. It is not the marginal rate that is important, rather it is the effective rate that is important for an individual and their take-home pay and disposable income.

Deputy Pearse Doherty: Is that table 6.1?

Ms Michelle Murphy: Yes.

Deputy Pearse Doherty: The three columns----

Ms Michelle Murphy: It relates to 2000, 2008 and 2018; therefore, the Deputy can see that there are significant differences. We still have a significant amount of ground to make up if we

are to go back to the effective rates people were paying.

Deputy Pearse Doherty: There is a lot of commentary, which we heard again last night, about the amount of tax that was introduced in 2007 compared to now. The impression is that workers are overburdened with taxation. We hear commentary about USC being a temporary measure, with which I do not agree, and it is supposed to be abolished. What answer does Ms Murphy have regarding those arguments? Many people believe that when USC was introduced it put a huge tax burden on them. I have not made the analysis and will ask whether Social Justice Ireland has made it, but I would be sure that in each category of income, if someone was earning €20,000, €30,000, €40,000, €50,000 up to €100,000 pre-USC, they were actually paying more tax than they are today with USC, given the changes that have happened in the past few years.

Ms Michelle Murphy: The first thing is that people feel overburdened because they are paying from their disposable income for services that if one compared us to the EU15, one would expect would be provided by the State. That is why people feel overburdened in terms of, for example, childcare or housing but also as a result of the relentless narrative that people are overtaxed, despite the facts showing that they are not and that USC is the most hated form of taxation. Regardless of one's opinion, it is a very well designed tax because it is very difficult to avoid. It is one of the few taxes we have in this country that is incredibly difficult to avoid and it is progressive because the more someone earns, the more USC they pay. What the facts tells us is that people know they are not overtaxed compared with where they were but they obviously feel burdened because they are paying out of their pockets for things one would ordinarily expect to be provided by the State.

Dr. Seán Healy: I will provide the numbers. Germany takes 8.2% of GDP more in tax than we do; Sweden takes 14.6% of GDP more than we do-----

Deputy Pearse Doherty: In overall tax or-----

Dr. Seán Healy: In overall tax. The Netherlands has a 9.1% higher total tax take; Norway takes 9.4% more, Denmark, 17.9% and New Zealand, 4.1%. Even the United Kingdom takes almost four percentage points higher than we do. Part of the issue in the Irish context is that in most of these countries employers and employees pay a much higher rate of social insurance, but there is also a much broader tax base in these countries than there is in Ireland. What we keep saying is that it is not possible to deliver a western European or EU15 average level of services and infrastructure on American levels of taxation. We need to take a serious look at that issue because most Irish people aspire to having western European levels of service and infrastructure, but if they want them, they must be paid for. It is not the case, of course, that they all have to be paid from the public purse. We have to decide as a country, however, how we are going to deliver the various services and infrastructure and how they are going to be paid for.

Deputy Pearse Doherty: Social Justice Ireland included a section in the opening statement on the 30 cent increase in the minimum wage. Has it carried out any analysis on the fact that the Government has decided not to increase the PRSI thresholds, meaning that at least some of that increase will be clawed back by the State?

Ms Michelle Murphy: The first thing we need to point out is that while the increase in the minimum wage is welcome, it remains a significant way off from the living wage. Furthermore, a significant cohort of low-paid people will not benefit from this increase because they are not necessarily on the minimum wage but they are still below the threshold of two thirds

of the median income. This increase will not make any difference to them. The fact that the PRSI threshold was not changed also means that the benefit of the increase will not accrue to a proportion of workers on the minimum wage.

A further issue is that, looking at the living wage technical group and the minimum essential budget standard, the projected increase next year in the cost of housing will eat up the entire minimum wage increase for everyone. The challenge is that people are under a lot of different pressures and housing is currently the main driver of these. Despite the welcome increase, the minimum wage is still €2.50 per hour below the living wage. It is more than likely that people will not feel the increase because of cost increases in other areas.

Dr. Seán Healy: With regard to research, we did some checking on what the impact might be on somebody receiving the living wage. The living wage technical group has calculated the figure of €11.70 as the living wage for this year, which amounts to €23,800 per year. A person on that living wage will be just €1.21 per week better off in 2018 than in 2017. By way of comparison, somebody on €72,000 per year, which is twice the average earnings, would be €6.30 better off per week. We can see, therefore, that the benefit is skewed. The reason we are highlighting this and doing some research into it - it is on page 3 of our response - is that Ireland has the third highest rate of low pay among full-time employees in the western world. Only Colombia and the United States have worse rates than we have. A total of 24% of all full-time employees in Ireland are in low-paid employments. As points of comparison in the European Union, Denmark has a rate of 8.2%, while the rate in Finland stands at 7.8%. These are the countries with which we compare ourselves.

Chairman: That was very interesting. I thank both Dr. Healy and Ms Murphy for giving of their time and patience.

Dr. Seán Healy: The committee should feel free to get in touch with us at any time if it considers we can be of help on any of the issues raised.

Chairman: It is very nice of Dr. Healy to say so.

The select committee adjourned at 4.05 p.m. until 2 p.m. on Wednesday, 6 December 2017.