



European Anti-Poverty Network (EAPN) Ireland

Submission to Budget 2023

EAPN Ireland's Proposals

EAPN Ireland 4 Brunswick Street North Dublin 7 www.eapn.ie

The European Anti-Poverty Network Ireland is made up of 164 local and national organisations representing and working with people experiencing poverty.

EAPN Ireland welcomes the opportunity to input into Budget 2023. Budget 2023 must seek to address the rising costs of living, and the negative impacts of increasing inflation on those who are most in need. The Government must ensure that announcements made as part of Budget 2023 recognise the right of households to live with dignity, ensuring they can afford to purchase basic necessities such as food and heating as well as access to affordable housing. Budget 2023 must actively reflect the Anti-Poverty commitments the Government has signed up to, including the aims within Roadmap for Social Inclusion (which will be reviewed in 2022) the European Pillar of Social Rights, and the UN Global Sustainable Development Goals.

EAPN Ireland believes that income adequacy alongside investment in public services and supports (i.e. investment in direct build social and affordable housing, the need for the implementation of Sláintecare, genuine free education, the adequate funding of a public childcare system, investment in public transport across Ireland particularly in rural areas and a Just Transition,) provides the most robust answer and solution to poverty and social exclusion in Ireland, establishing a society based on decency, fairness, and equality.

Covid-19 had the greatest impact on low-income households and people who were already living in poverty pre Covid-19¹ these households are now facing increasing pressures and are being forced to make difficult and inequitable choices due to rising cost of living. This is reflected in a current EAPN Ireland research project *"An Analysis of the increasing demand for basic necessities as provided by the Community and Voluntary Sector"* which has so far revealed that the demand for support with basics such as food, heating, hygiene products, from the Community and Voluntary sector, which was growing pre pandemic, and exacerbated by the Covid-19, has been further aggravated by rising inflation. The need for the Government to invest in autonomous community development across Ireland must also be a feature of Budget 2023 in order to benefit and give voice to the communities and households, which are most disadvantaged, in the decisions that impact on them.

The Government must acknowledge that rising inflation will result in greater yield for the exchequer due to taxes such as VAT and excise duty and therefore increase capacity for investment in public services and supports.² If in the longer term there is a drop in tax

¹ <https://joint-research-centre.ec.europa.eu/system/files/2020-09/jrc121598.pdf>

² https://www.centralbank.ie/docs/default-source/publications/quarterly-bulletins/qb2-2022/box-d-fiscal-policy-in-a-high-inflation-environment.pdf?sfvrsn=426901d_4

but that these supports helped reduce the levels of those at risk to 11.6%.⁹ With these supports now removed, many people on low incomes are dealing with the challenge of meeting the rising cost of living. The CSO poverty data for 2021¹⁰ also revealed once again that particular groups are still experiencing high levels of consistent poverty relative to the general population, including those with long term health problems, those who are unemployed and single adult households with children. This ties in with findings from the Minimum Essential Standard of Living (MESL) research from the Vincentian Partnership for Social Justice, which reveals that particular households are most likely to live in deep income inadequacy, including households with older children and single adult headed households i.e. lone parent households and single working-age adult household. Households living in a rural location are also more likely to experience income inadequacy.¹¹

The provisional findings of the MESL research for 2022 shows us that a failure by the Government to adjust social welfare in line with current hikes in inflation effectively represents a cut in household income, (for example a €17 increase to working age social welfare payments would only enable a household to financially stand still at the current rate of inflation, which is still expected to rise, and would not move households in any way closer to income adequacy). An analysis of social welfare rates from the Parliamentary Budget Office shows that flat increases in social welfare payments, as was announced as part of Budget 2022, does not account for inflation in a consistent manner. For example, Jobseekers Benefit increased in nominal terms by 10.1% between 2011- 2022 but in real terms just by 2.3%.¹² It is essential that social welfare is benchmarked against MESL as part of Government policy.

The Government has also recently made announcements to move to a “Living Wage”, to be introduced over a 4-year period, based upon 60% of the median wage. The introduction of a living wage is welcome. However, the benchmark for a living wage under current plans is contrary to the rate set by the Living Wage Technical Group and does not represent a wage based upon the actual cost of living, (the Living Wage as calculated by the Living Wage Technical Group is €12.90 per hour for 2021). If a Living Wage is not tied to the cost of living then it does not provide the level of income required for households to meet a Minimum Essential Standard of Living. It instead represents a higher minimum wage and not an adequate wage designed to address rising inflation and increased living costs.

The Government must ensure that Budget 2023 also recognises the additional living costs incurred due to having a disability. People with disabilities face extra costs of €9,482- €11,734 a year on top of everyday expenses.¹³ Research also reveals that the net additional costs required to enable a socially acceptable MESL for a household caring for a child with a profound intellectual disability ranges from €207 to €308 per week.¹⁴ This research finds that, when compared to a household without additional caring and disability needs, the

⁹ [EAPN Ireland Statement on the SILC poverty data 2021 - EAPN Ireland](#)

¹⁰ <https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2021/povertyanddeprivation/>

¹¹ <https://www.budgeting.ie/publications/mesl-2022/>

¹² <https://www.svp.ie/getattachment/9567466b-599f-4e1e-a33d-b03adae7d4fc/Red-C-2022-Report-The-Cost-of-Surviving.aspx>

¹³ <https://www.gov.ie/en/publication/1d84e-the-cost-of-disability-in-ireland-research-report/>

¹⁴ [care-at-home-costs-of-care-arising-from-disability-2022.pdf \(familycarers.ie\)](#) P11

household caring for a child with a profound intellectual disability faces a greater depth of income inadequacy at low incomes, and the persistence of inadequacy to a higher income point. These findings represent the opportunity cost of one of parents taking on the full-time family carer role and forgoing earnings made through paid employment.¹⁵

Addressing the high rates of poverty for those living with a disability is part of ensuring Ireland can meet the Anti-Poverty commitments it has signed up to, as well as honouring the individual principles within the European Pillar of Social Rights.

EAPN Ireland Budget 2023 recommendations

- Benchmark social welfare rates against the Minimum Essential Standard of Living.
- Increase social welfare rates by €20 to address rising inflation and to prevent families and individuals falling further below the poverty line and into deep income inadequacy.
- Move to a Living Wage based upon the cost of living as recommended by the Living Wage Technical Group.
- Introduce a cost-of-living payment for people with disabilities. (ie additional payment of 20 euros per week to start with)

2: Housing

The EU Semester report for Ireland 2022 recognises the housing supply issues currently being experienced across Ireland, stating that *“the lack of social housing (61,880 households were on the waiting list in 2020), together with surging rental prices added to the ongoing structural housing crisis in Ireland.”*¹⁶ Ireland’s housing policy since 2009 has represented an overinflated dependence upon the private sector in order to respond to social housing need. In the past 12 months, alongside the social and economic uncertainty of the pandemic, we are seeing an increase in rents and house prices across Ireland in addition to housing supply reaching close to an historic low.¹⁷ House prices are also close to levels not seen since “Celtic Tiger” days in Ireland.¹⁸

It is important to note that the cost of renting has a major impact on the likelihood of being at risk of poverty, (including almost half, 49.8%, of those who rented from a local authority and 55.9% of those renting in the private rental sector - i.e. accessing housing supports such as the Housing Assistance Payment, Rent Supplement etc.¹⁹). Homelessness has also continued to increase. At end of May 2022 there were more than 10,325 people experiencing homelessness in Ireland. This is an increase of 2.75% in one month and a 29% increase compared to the same time last year. There was a 59% increase in the number of homeless people aged between 18 and 24 (1,230) when compared to last year. This year

¹⁵ [care-at-home-costs-of-care-arising-from-disability-2022.pdf \(familycarers.ie\)](#) p11

¹⁶ https://ec.europa.eu/info/sites/default/files/2022-european-semester-country-report-ireland_en.pdf p6

¹⁷ https://ww1.daft.ie/report/ronan-lyons-2021q4-daftrental/infographic?d_rd

¹⁸ https://www.ipav.ie/sites/default/files/ipav_barometer_report_19.08.20b_web.pdf

¹⁹ <https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2021/povertyanddeprivation/>

represents the highest level of adult homelessness and young person homelessness ever recorded by the Department of Housing.²⁰

It is clear that that the Government must initiate urgent and widespread interventions in order to address the barriers that are preventing people from obtaining and maintaining housing security. Budget 2023 provides the Government with an opportunity to implement policies that will address the dysfunction within Ireland's housing market which is leading people to homelessness. The intention behind Ireland's latest housing strategy "Housing for All" is welcome however the targeted output and delivery of targets within the strategy must be increased and escalated, particularly access to affordable and social housing for those most in need.

The Housing Assistance Payment cannot respond to the level of housing need for low-income households within the private rental market. While recipients of HAP are allowed to top-up the payment, (once the total rent they pay doesn't exceed 30% of their net income) it has been found that 20% of surveyed tenants were paying more than the 30% limit, with 10% paying more than 40% of their net income on rent. Landlords are also continuing to refuse to accept HAP, despite this type of discrimination being illegal. The same research has also found that almost half (45%) of those paying a top-up said that they were struggling with paying utility bills, buying groceries and covering childcare and school costs as a result.²¹

The need for an increase in access to differential rent options, in order to respond to the housing needs of those most at risk of poverty, including single parent households and people with disabilities, cannot be overestimated. The role of private developers and landlords as core providers of social and affordable housing supply must be examined. Questions need to be raised around a "for-profit" approach to social inclusion. While the introduction of additional tenures such as the cost rental scheme are welcome, we must ensure that a 2-tiered approach to social and affordable housing doesn't emerge to the detriment of those on low incomes and at risk of or living in poverty. This includes mitigating any unintended consequences due to increases to HAP payments, a welcome measure, but one that must occur in tandem with marked increases in housing supply as well as protections for tenants in the private rental market in order to prevent a further rise in rents across Ireland. We also note that the Cost Rental Scheme is dependent upon costs incurred during the construction of units as a means of rent setting. Given that construction costs are on the rise (99% of builders reported a year-on-year increase in the cost of raw materials, and nearly all expect that trend to continue),²² without extensive interventions from the Government, low-income households and those most likely to live in poverty will be at the mercy of rising rents and inadequate supply, forcing them to make choices between food, utilities, and basic social engagement, in order to keep a roof over their head.

It is essential that the core and main solution to addressing housing needs in Ireland is found through the direct build of social and affordable housing. Budget 2023 must address the barriers that are preventing low-income households obtaining and maintaining housing security, and prevent these households from being forced onto a pathway to homelessness due to dysfunctional housing market and rental market conditions. We welcome the

²⁰ <https://www.gov.ie/en/publication/dfd87-homeless-report-may-2022/>

²¹ <https://www.threshold.ie/news/2019/07/09/hap-topups-are-putting-families-at-risk-of-homeles/>

²² <https://scsi.ie/tender-price-index-report-april-2022/>

current consultation on a referendum on housing in Ireland, and hope it will result in a constitutional right to housing as is found in countries such as Belgium, Finland, Greece, the Netherlands, Portugal, Spain and Sweden.

EAPN Ireland Budget 2023 Recommendations

- Increase the supply of direct build social and affordable housing units via Local Authorities and Approved Housing Bodies, with a specific focus on housing units offering tenants a differential rent as opposed to market-based rent setting, particularly for the benefit of household on low incomes and living in poverty and those requiring special needs housing.
- Introduce measures to end the practice of unaffordable HAP top up payments (especially in light of welcome increases to the Housing assistance Payment as part of Budget 2023).
- Revisit the eviction moratorium introduced during the Covid-19 lockdown, for specific scenarios, where households are at risk homelessness, including facilitating the introduction of payment plans as policy for those in rent arrears due to personal hardship and circumstances beyond their control.
- Expand the Housing First Programme for families experiencing homelessness.

3: Energy Poverty and a Just Transition

The number of households in energy poverty in the State is currently estimated to be 29%. This level exceeds the highest previous recorded level of energy poverty, which reached 23% in 1995.²³ Budget 2022 saw the fuel allowance increased by €5 to €33 per week. However, this does not match the rise in energy prices, including electricity, gas and fuel, of 19.6% in the last year, according to the CSO's Consumer Price Index, with even further increases anticipated in 2022 (including a recent announcement by Electric Ireland that will increase the price of electricity by 11% and Gas by 32%)²⁴ Increasing energy costs will force more and more households below the poverty line, preventing them from achieving a Minimum Essential Standard of Living. The Government must make positive and progressive choices as part of Budget 2023 to mitigate the negative impacts of fuel poverty on low-income households.

As part of meeting Ireland's Climate Action targets, the Government announced its National Retrofitting Scheme, (seeking to achieve a target of 500,000 home energy upgrades, to B2 Building Energy Rating (BER) standard, by 2030). However, questions have been raised regarding the implications of this scheme for HAP recipients within the private rental sector. Will the costs of insulation be passed from landlords to tenants? How can evictions be prevented where a landlord decides to retrofit a rental unit? The retrofitting scheme must all be extended to benefit low-income groups renting in poorly insulated private rental accommodation, who are most at-risk-of poverty and will face greater negative impacts of increasing fuel prices. The questions raised regarding the focus of and implementation of Ireland's National Retrofitting Scheme and the impacts on and the benefits for those most

²³ [Energy Poverty and Deprivation in Ireland \(esri.ie\)](https://www.esri.ie/energy-poverty-and-deprivation-in-ireland)

²⁴ <https://www.irishtimes.com/business/economy/2022/07/01/electric-ireland-to-increase-price-of-electricity-by-11-and-gas-by-32/>.

at risk of poverty in Irish society, highlights a wider discussion and ongoing consultation that must be had around Ireland's Just Transition. This needs to address how we can ensure it is integrated with wider ambitions relating to social inclusion, avoiding unintended consequences for marginalised groups by undertaking poverty and equality proofing of measures and enabling, funding and facilitating proactive policies and initiatives. EAPN Europe has highlighted on an EU level that [The Energy Performance of Buildings Directive](#) (which designs the framework for deep renovation programmes) needs to prioritise deep renovation programmes for low-income groups, including minimum energy performance standards in the residential sector that must be implemented with substantial social safeguards and monitoring by Member States. This includes "*assistance to access financing for renovations and renewables, and specific and tailored outreach schemes for those who experience exclusion from mainstream services*".²⁵ EAPN has also highlighted that incentives to address energy poverty and energy efficiency must be split between landlords and tenants, to ensure that energy-poor households must not be left to pay the price for energy inefficient infrastructures or energy upgrades as part of reaching climate action targets.

EAPN Ireland Budget 2023 Recommendations

- Increase investment in public transport options, particularly in rural areas, to offset the additional transport costs faced by those in rural locations, a factor placing rural households at greater risk of income inadequacy and poverty.
- Increase the weekly Fuel Allowance rate to €48 and re-instate the 32-week season as per MESL findings for 2022
- Widen eligibility for the Fuel Allowance by including those receiving Working Family Payment, removing the waiting period for those on Jobseekers, expanding eligibility to cover the specific living arrangements of Traveller families, and making it available to people on modest incomes in poorly insulated homes. A partial-rate Fuel Allowance payment should be available so it is not all-or-nothing for people just outside the eligibility criteria.
- Target retrofitting of private rented sector units which house HAP tenants and provide incentives to landlords to prioritise HAP tenants on long-term leases, via availability of insulation and retrofitting grants.
- Introduce a one-off tax on energy companies that have seen high and increasing profits as a result of the energy price crisis. Recycle this tax revenue to assist consumers to offset higher energy bills.
- Require energy suppliers to reduce standing charges on energy bills and automatically allocate existing customers to the lowest tariff rather than only new customers.
- Explore a sliding scale of grants and low-cost loans for deep retrofits based on an income assessment so that lower income households could avail of close to full funding for deep retrofit

²⁵ [eapn-2022-1-25-EAPN-Public-Report-Learning-Session-Green-Deal-of-6-Dec-2021-Final-5378.pdf](#) p8

4: Equality Proofing/Poverty Proofing

As part of Budget 2018 the Government published a report outlining the process it wishes to undertake in relation to Equality Budgeting. Budget 2019 committed to expanded pilots on equality budgeting, beyond the initial pilots on gender budgeting, to also include disability and socio-economic status. While this commitment was welcome EAPN Ireland is concerned at the lack of progress in expanding equality budgeting to socio economic status and poverty.

The Government also needs to more effectively carry out ex-ante poverty impact assessment of all relevant budget measures to ensure they do not have a negative impact on poverty levels and inequality and support the delivery of the national poverty reduction target. This is already a requirement as part of Regulatory Impact Assessment. This would be congruent with the Anti-Poverty commitments the Government has signed up to including in the Roadmap for Social Inclusion, the UN Sustainable Development Goals and the European Pillar of Social Rights. This would also include a full and transparent implementation of Poverty Impact Assessment Guidelines across the Government Departments. This is particularly important given the impacts of the cost of living especially on those living in poverty and in marginalised groups.

EAPN Ireland Budget 2023 Recommendations

- Provide opportunities for regular engagement with members of community and voluntary sector with expertise on poverty, socio-economic status, gender and disability, for the purposes of informing pilot initiatives of equality budgeting.
- Improve the implementation of effective and transparent ex-ante Poverty Impact Assessment.