NERI Post-Budget Seminar 21 October 2020

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The headline

Broad approach the correct one

- Counter cyclical
- Biggest budget in the history of the state
- But that's fine…
- Borrowing is cheap

- Interest on National Debt was €4.5bn in 2019
    - Next year it will be €3.5bn

Our major regret

Social welfare rates

- Targeted improvements, incl.
  - Living Alone Allowance
  - Qualified Child payments

Core welfare rates unchanged

- Has implications for poverty
- As earnings continue to grow, those reliant on social welfare get left behind

- Need to benchmark welfare rates: 27.5% of avg wk earnings

Some other things to welcome

- Increased capital investment (+€600m on 2020)
- Carbon Tax increase (and future increases enshrined in Finance Bill)
- Additional 5 million homecare hours
- Additional €150m towards primary care
- Additional education funding
- Apprenticeships (incl. retrofitting)
- Overseas Development Aid (€30m +)

Some other big disappointments

More of the same?

- Retention of Help to Buy
- Another VAT break for hospitality

Not enough on:

- Community and Voluntary Sector funding
- Ring-fenced Slaintecare funding
- Childcare
- Cost of Living

Where are we headed?

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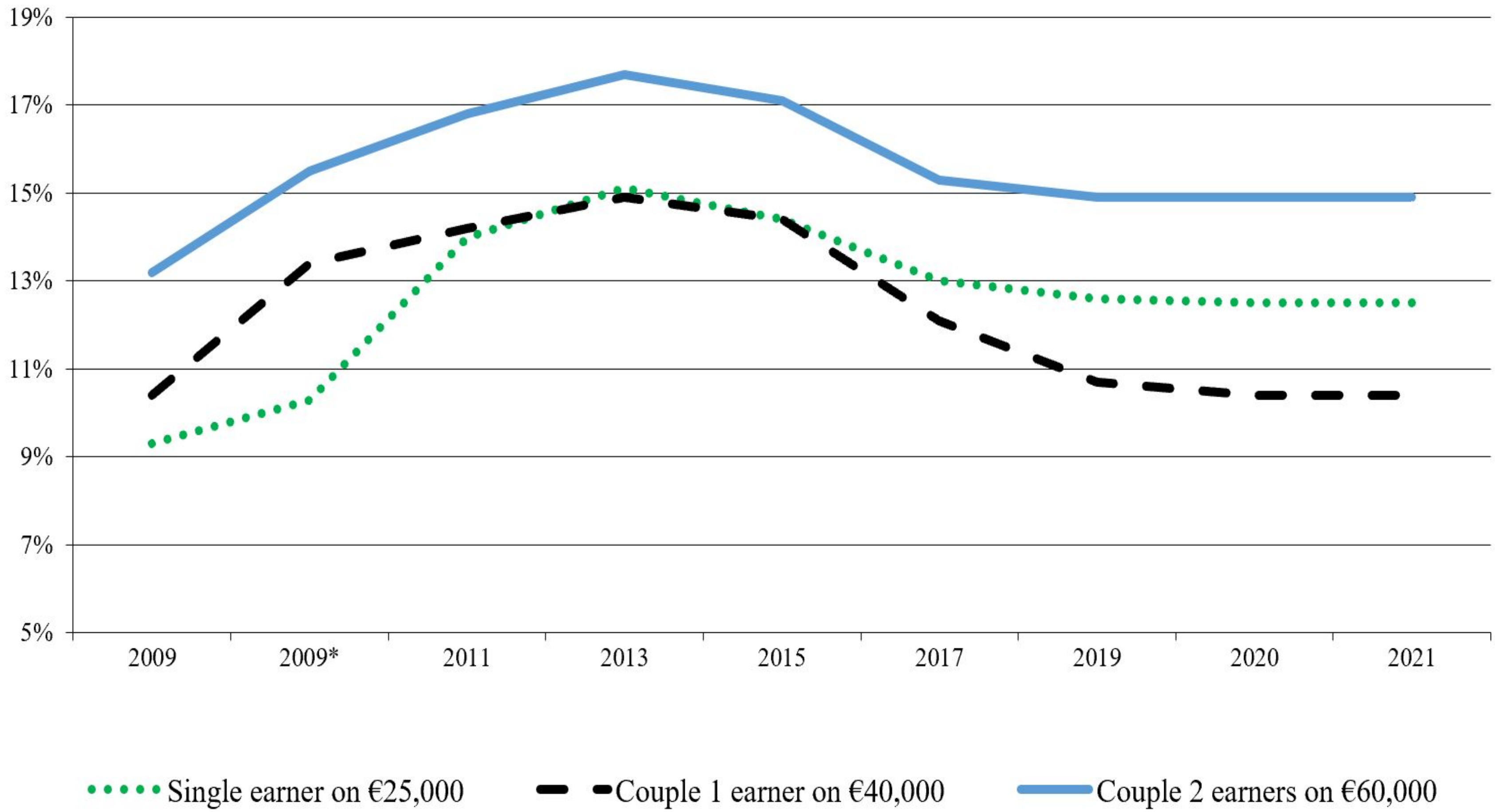
- Is there a vision?
- A new social contract?
- Is Covid-19 another distraction?
- Despite the huge deficit, is govt still influenced by economic orthodoxy?
- Acknowledge the need to broaden the tax base, increase revenue for the long-term

Trends in effective income tax rates



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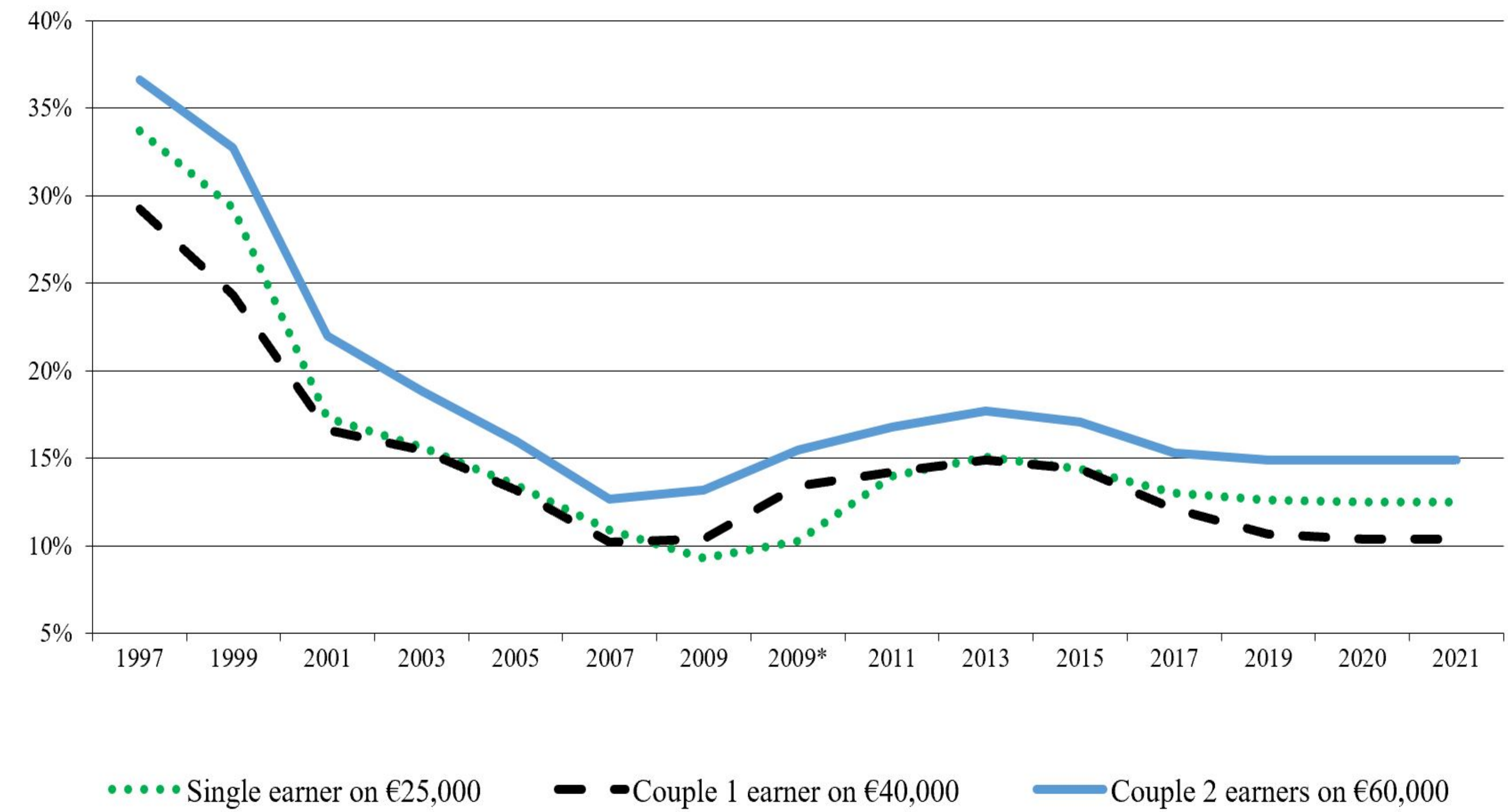

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Thank you

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