

Budget April 2009

The Budget allows many of those who created the present series of crises, particularly the banks, to escape. At the same time the vulnerable, particularly children, are targeted to pay for the misbehaviour and fraud of others.

The banks will see their toxic debt being removed and they will be free to continue as before. The taxpayer will underpin a new National Asset Management Agency which will take on assets potentially as high as €90bn but which will be “transferred at an appropriate discount” which has not been decided.

In stark contrast to the way banks are dealt with in the Budget children are targeted. The Early Childcare Supplement is being halved now and will be abolished at the end of the year. It is proposed that Child Benefit is to be taxed or means-tested in Budget 2010.

An Early Childhood Care and Education scheme is to be introduced but with a much lower expenditure level than what will be saved by ending the Early Childhood Supplement.

Ireland has high levels of child poverty and low levels of support for childcare. While the ECCE scheme is welcome the combined impact of these proposals will see supports for children reduced at the very time when families’ incomes are under serious threat.

As resources become available the Government should restore the policy of keeping the minimum wage outside the tax net.

The impact of the tax changes in this Budget are progressive. Those who have more will pay more while those who have less will pay less.

In the social housing area it appears that there will be a substantial reduction in capital expenditure. This would be a very retrograde step. The number of households on waiting lists has been growing. Investment in social housing at this time would be good for these households. It would also be good for the economy as it is employment-intensive.

The roots of the current economic crisis lie in policy decisions taken in previous years. It is crucial that similar mistakes are not made again.

Budgets are not just about economics. They are also about values and vision - the values and the vision that Ireland’s people wish to see guiding their future.

The first principle of action to tackle toxic debt should be that the exposure of the taxpayer is minimised. The second principle should be that those in the banking world who created this crisis should not be left in place under the illusion that they can rescue the situation or reform the system that they managed and which got us into this difficulty.

Unemployed people, for example, gain nothing from wage increases or tax reductions while those with jobs may gain from both.

I.P. Knightly

Single people who are long-term unemployed will not be directly affected after this budget. Those on €25,000 a year will see a reduction of €4.79 a week (€250 a year) in their take home pay while those on €50,000 will be €28.75 a week (€1,500 a year) worse off in the coming year and those on €75,000 a year will be €59.19 a week (€3,089 a year) worse off in the coming year.

Couples with one income on €25,000 a year will be €4.79 a week (€250 a year) better off while those on €50,000 will be €28.75 a week (€1,500 a year) better off in the coming year.

Couples with two incomes on €25,000 a year will be €4.79 a week (€250 a year) worse off while those on €50,000 will be €28.75 a week (€1,500 a year) worse off in the coming year.

The impact of Budget 2009 on the distribution of income in Ireland can be further assessed by examining the rich-poor gap. This measures the gap between the disposable income of a single person on long-term unemployment and a single person on €50,000 per annum. Budget 2009 #2 has reduced the rich-poor gap by €28.75 per week.

More than half of all those at risk of poverty (55.9%) live in households headed by a person who is outside the labour force (i.e. people who are older or ill, or have a serious disability or are in caring roles). These are Ireland's most vulnerable people and they depend completely on social welfare payments. Protecting welfare rates is crucial for these people's survival.