

BUILDING SERVICES

BUILDING COMMUNITIES

Social
Democrats
Alternative Budget

2025



Contents

Our Budget 2025 Priorities	1
Housing	2
Climate Action and Nature Protection.....	3
Energy Affordability	5
Supporting Families	6
Low Incomes	7
Child Poverty.....	8
Disability.....	9
Health.....	10
Mental health.....	12
Caring for Carers	13
Education	14
Other Expenditure Priorities	15
Income Tax Changes	17
Revenue Raising	18
Financial Summary.....	20

Our Budget 2025 Priorities

Budget 2025 must strike a balance between providing relief to hard-pressed families and dealing with the long-term challenges we face as a society.

Ireland is now the most expensive country in the European Union with the exception of Luxembourg, with the price of goods and services for households 45 per cent above the EU average in 2023. This is largely because successive governments have tried to treat the symptoms of Ireland's high cost of living, and not the causes; an approach that will never get to grips with the problem. It is important to tackle the structural problems around issues like low income and public service deficits.

"Putting money back in people's pockets" is a phrase we hear regularly from Government. Most recently that seems to mean tax cuts for the better off, with a focus on changing tax bands which gives the same benefit to the highest earners as it does to middle-income households, whilst giving nothing to those on low incomes. This needs to change.

While it's important to give some relief to households while prices are still rising, the majority of available resources should be invested in public services and reductions in the cost of living in areas like housing, healthcare, childcare, education, transport, and energy. The cost-of-living crisis we have experienced this decade has been significantly exacerbated by the decades of underinvestment that preceded it. We must address the chronic deficits that exist across our public services.

Our Priorities in Budget 2025 include:

- Building 12,000 new social homes and 10,000 affordable homes – including 5,000 cost rental and 5,000 affordable purchase homes.
- Capitalising a Climate Transformation Fund that has a focus on off-shore wind energy.
- Extending paid parent's leave by 4 weeks per parent.
- Establishing a public model of childcare through capital investment in new publicly-owned not-for-profit childcare facilities.
- Increasing core social welfare payments by €25 per week.
- Rolling out free GP care for under 12s.
- Introducing a €30 per week Cost of Disability payment.
- Making primary education and secondary education in Ireland fully free.

The monetary amounts noted in this document are, in general, in addition to amounts projected for 2024 and/or pre-committed spending or revenue-raising measures, including for the National Development Plan, demographic developments, and maintaining existing levels of services.

Housing

Sky high rents and house prices have left a generation locked out of housing. The **construction of new affordable housing must be a top priority** of Budget 2025.

The Government have failed miserably to deliver enough affordable housing for the hundreds of thousands of people struggling to put a roof over their heads. They have come nowhere near meeting their own targets since taking offices – targets that are not nearly ambitious enough in the first place.

The Social Democrats believe that everybody should have access to a high-quality and secure home that they can afford, and we have a plan to provide it.

Housing Priorities in Budget 2025	(€m)
➤ Build 12,000 new social homes and 10,000 affordable homes – including 5,000 cost rental and 5,000 affordable purchase homes.	1,318 ¹
➤ Create a fund to compulsorily purchase and renovate vacant/derelict houses.	100
➤ Provide redress for those affected by building defects.	150
➤ Remove tax exemptions and reliefs for REITS and other institutional investors: <ul style="list-style-type: none"> • Ensure their capital gains are taxed at 33%. • Extend the special rate of stamp duty for bulk purchases to apartments, too. • Apply a levy to REITs and IREFs. • Increase the Dividend Withholding Tax for REITs and IREFs from 25% to 33%. 	+140
➤ Begin phasing out all subsidies for developers, and use this money instead to fund the construction of additional affordable homes.	-
➤ Double funding for homelessness prevention.	22.2
➤ Invest in Traveller-specific accommodation.	10
➤ Increase the Vacant Homes Tax from 0.5% to 10%.	+64
➤ Provide funding to local authorities to clamp down on illegal short-term lets.	2
Total (net) additional investment in Housing measures in Budget 2025	1,398

¹ This is in addition to the amounts already budgeted for by Government in these categories.

Climate Action and Nature Protection

Government should use a significant portion of the projected surplus in Budget 2025 to invest in a greener future. This should be done via the creation of a **Climate Transformation Fund**.

The Climate Transformation Fund would be used to direct significant investment into areas necessary to transform Ireland's economy and help us on the road to carbon neutrality. It should invest particularly in the area of **renewable energy, especially in off-shore wind**, with the aim of ensuring secure energy supply and making Ireland a **net exporter of clean energy in years to come**. Ireland currently has three commercial semi-state bodies engaged in developing wind energy projects, and this area in particular should receive significant investment.

Among the projects which should be considered for Climate Transformation Fund funding are:

- Investment in exploiting Ireland's wind energy.
- Decarbonising and expanding public transport.
- Expanding and achieving our retrofitting targets.
- Funding research in Green R&D at Irish third level institutions.

By adequately investing in our renewable energy resources, Ireland will become a net exporter of energy by the end of the decade. A Climate Transformation Fund would ensure State involvement in a **strategically important and potentially lucrative** sector of the economy.

The projected windfall from corporation tax receipts should be viewed as a once-in-a-lifetime opportunity to fund projects that would be impossible to fund otherwise, without significant increases in taxation or borrowing.

We must **use this windfall to invest in critical infrastructure** now and create a strong, resilient society and economy for the future.

Once-off capital spending on large transformational projects is the most appropriate way to spend the majority of these surpluses. Now is the time for ambition and fresh thinking.

Solar Energy

Budget 2025 should also have a focus on making individual households and homes more resilient to energy price and supply shocks.

Government should **commit to installing solar panels on 100,000 homes over the next two years** as part of a sustained state-led effort to harness the power-generating capability of the technology. Around one million homes in Ireland are suitable for solar panels but do not have them installed.

An initial **€200m fund to provide grants to households to install solar panels**, reducing household emissions and cutting electricity bills by an average of up to 40 per cent over the course of a year, should be set up as part of Budget 2025.

The initial tranche should be targeted at low-income households, using the same eligibility conditions as for the *Warmer Homes* Scheme. There should be a parallel move to install panels on public buildings, including the provision of grants for schools. Funding should be eventually scaled up to a point where 100,000 homes and buildings per year are being fitted.

In the short-term this will require increased funding to train more registered installers. The installation process would be most efficient if housing estates were targeted by installers who can fit out an area of similar houses quickly, in one go. There's a strong case for Local Government bulk-buying the solar panels to allow households to avail of further economies of scale. A standardised approach has the potential to cut costs by up to half.

Government needs to act with the urgency this crisis requires.

Climate and Nature in Budget 2025	(€m)
➤ Capitalise the Climate Transformation Fund.	5,000
➤ Create a €200m fund to provide grants to households to install solar panels.	200
➤ Resource the planning system to support Ireland’s climate objectives, including around renewable energy projects, starting with an additional €5m in 2025.	5
➤ Invest to upgrade Ireland’s electricity grid.	40
➤ Increase funding for retrofitting of social housing, and targeted low-interest home retrofit loans to bridge the affordability gap.	75
➤ Improve Electric Vehicle charging infrastructure, especially in rural areas.	15
➤ Increase National Parks and Wildlife Service funding by 25%.	5
➤ Establish a new Wildlife Crime Unit in An Garda Síochána.	0.5
Total investment in Climate and Nature measures in Budget 2025	5,340.5

Energy Affordability

Households struggling with energy bills need assistance, but the Government’s untargeted approach over the last two years has seen much wastage, with millions going to households who don’t need it.

Two years ago, ahead of Budget 2023, the Social Democrats suggested the creation of an **Energy Crisis Subsidy Scheme (ECSS)** that would provide cash payments to workers on a graduated basis, with the greatest focus being on those in low-and-middle earnings households.

Ahead of this winter, priority must be to protect these households from energy poverty, and to get money to people as quickly as possible and in an efficient way.

The model is there from the pandemic, when Government used the Temporary Wage Subsidy Scheme to get cash payments to workers through their employers’ existing payroll scheme, with employers being recompensed shortly afterwards, mitigating cashflow issues. By using the Revenue’s PAYE online payroll system, it would be possible to give more targeted financial support to workers. Employees can make a claim for their household (one per household) through their Employer, providing an MPRN number which could be submitted as part of the returns to allow Revenue to check against duplication.

This scheme, where entitlement would be **based on household earnings**, has the benefit over more universal schemes of being targeted, with lower earners benefiting the most.

Cash payments give recipients additional choice, as they are not related solely to electricity bills. The Social Democrats are suggesting the subsidy be paid in two tranches; one before Christmas and one in February, based on the following household earnings criteria.

Household Earnings Ranges	Total Subsidy Amount
€0 - €50,000	€360
€50,000 - €100,000	€240
€100,000 - €120,000	€120
Estimated Total Cost of the ECSS	€600 million

Supporting Families

Budget 2025 should facilitate greater work/life balance for working families. It can help do this by finally bridging the current gap and ensuring that **in total there is 12 months paid leave available to parents for each child.** We should also be moving to a situation where the overall amount of paid and unpaid leave for parents is extended to the European average of around 100 weeks per child.

The Social Democrats have consistently called for a **‘New Deal’ for families**, including a suite of policies that would improve living standards and provide a lower cost of living for families. That suite includes additional investment in childcare, healthcare, education and housing, additional paid and unpaid leave entitlements, and a greater work/life balance.

We are proposing a **children’s package in Budget 2025** that would reduce costs and make significant improvements to people’s quality of life. The three main pillars are:

- Significantly **expanding paid leave for parents;**
- Increasing the subsidy to **bring down childcare fees;**
- Starting the process of building a **fully public model** of early years education and care.

Priorities to Support Families in Budget 2025	(€m)
➤ Extend parent’s benefit by 4 weeks per parent, bringing paid parents leave to 13 weeks per parent.	38
➤ Increase weekly Maternity, Adoptive, Paternity and Parent’s Benefit payments to €350.	109
➤ Invest to further reduce childcare fees, towards an average of €250 per month.	150
➤ Begin the establishment of a public model of childcare through capital investment in new publicly-owned not-for-profit childcare facilities, using surplus exchequer funds to acquire ECEC settings on existing and new sites.	100
➤ Increase investment in the youth work sector.	15
➤ Increase supports for foster families, including: <ul style="list-style-type: none"> • increasing the weekly Foster Care Allowance rate. • automatically enrolling foster families for the Back to School Allowance. 	20
Total measures to Support Families in Budget 2025	432

Low Incomes

Ireland has a structural problem around low income. **Hundreds of thousands of people subsist week to week on incomes which are not sufficient to live a dignified existence.** Approximately one in five workers are on low pay, calculated as two-thirds of median pay.

Plenty of research exists illustrating what various types of households must spend each week to achieve what is considered a socially acceptable standard of living in Ireland. The most well-known is the Minimum Essential Standard of Living (MESL) research from St. Vincent de Paul, which suggests that a single adult would need to spend *at least* €280 per week in 2024 to cover basic needs. The immediate implication of this is that **core social welfare payments provide only around 83 per cent of what is required** to meet basic needs, and this will have been further eroded as the cost of living continues to rise.

Government should use Budget 2025 to announce **an increase of €25 per week in core weekly welfare rates, and an increase in the National Minimum Wage (NMW) of at least €1.30 per hour, to €14**, as part of the promised move to achieve a Living Wage.

Recent trends in precarious working practices contribute to a situation where, according to the CSO, nearly 6 per cent of those in employment are experiencing poverty. Introducing a system of **Refundable Tax Credits** would help tackle the problem of the ‘working poor’ as it would allow low-income workers who do not earn enough to use their full credits to have the unused portion “refunded” – essentially a cash payment. This would help many on low pay deal with increasing living costs. **Making tax credits refundable would also make Ireland’s tax system fairer**, improve the living standards of a substantial number of people in Ireland, and give Government a useful additional tool to target support to low-income workers.

Priorities to deal with Low Incomes in Budget 2025	(€m)
➤ Increase core social welfare payments by €25 per week.	861
➤ Increase the weekly Fuel Allowance payment from €33 to €40.	65
➤ Extend the Fuel Allowance to recipients of the Working Family Payment.	41.4
➤ Increase the Living Alone Increase by €8, to €30 per week.	80
➤ Increase the National Minimum Wage by €1.30 per hour.	-
➤ Make the two main income tax credits refundable.	165
Total investment in measures to tackle Low Incomes in Budget 2025	1,212.4

Child Poverty

There is hardly a greater avoidable tragedy in Irish society than that of child poverty. The scarring effects of living in persistent poverty as a child last for life, and affect everything from emotional development, mental health and physical well-being in adulthood to educational attainment and labour market participation. It denies children’s human rights, and is hugely wasteful for society as it inhibits economic potential in adulthood and reduces the contribution people can make to society.

Dealing with the repercussions later in life is far more expensive and less effective than early interventions, which would lead both to future savings in expenditure on welfare, health and criminal justice, and to higher tax revenues. **Eliminating child poverty requires a combination of child and adult income supports, and access to quality public services.** Income supports targeted at the most vulnerable in our society are required, as well as an expansion of services, particularly around education, health, and the care of children, designed to mitigate the economic inequality that is increasingly a feature of Irish society.

Government must acknowledge that children live in households with adults. Therefore, child poverty cannot be eliminated without lifting the households in which they live out of poverty. **Working-age income supports are part of the solution.**

Priorities to deal with Child Poverty in Budget 2025	(€m)
➤ Raise the Qualified Child Increase for over 12s and under 12s by €15 and €6 respectively, to €69 and €52.	138.9
➤ Increase income thresholds for the Working Family Payment by another €40, as in Budget 2024, and alter the tapering ² .	25
➤ Fund ‘sponsorship’ for childcare as full-day care with a minimum capitation rate of €350 per child per week, for children experiencing the worst deprivation.	40
➤ Create a new DEIS Plus categorisation, with €20m in initial funding in 2025, for the most disadvantaged schools.	20
➤ Extend Child Benefit to children in International Protection	4.7
Total investment in measures to tackle Child Poverty in Budget 2025	228.6

² The ESRI has pointed out that a gentler tapering of the **Working Family Payment** as working hours decrease could be implemented to improve circumstances for working families on low incomes. Alternatively, workers seeking to qualify for the Working Family Payment could be allowed to average their work hours over a longer period than two weeks. ESRI research suggests that the **Working Family Payment and Qualified Child Increase**, due to their very targeted nature, have huge potential to contribute to poverty reduction.

Disability

Despite improvements in funding in recent years, the experience of people with disabilities in Ireland continues to be one of social exclusion.

People with disabilities consistently have among the highest poverty rates of any group in Ireland, three times that of the general population, while more than two in five people with disabilities are experiencing deprivation at any one time.

The Department of Health’s **Disability Capacity Review** was published in July 2021, highlighting “significant levels of unmet need” in the provision of appropriate disability services. **It estimated that a further €550m to €1000m investment in disability services is required by 2032.** The implementation plan for the Review has yet to be published.

Disability Priorities in Budget 2025	(€m)
➤ Introduce a €30 per week Cost of Disability payment as a first step to address the significant additional costs of having a disability.	342
➤ Invest €150 million as a first step to pay parity for Section 39 workers, ensuring they have comparable terms and conditions with their HSE colleagues.	150
➤ Earmark funding for Disabled Persons’ Organisations so they can advocate effectively.	0.5
➤ Make provision for the funding requirements identified by the Disability Capacity Review. At least €100m should be set aside for this in Budget 2025.	100
➤ Increase funding for Personal Assistance Services to provide an additional 500,000 hours.	12.5
➤ Introduce replacement schemes for the Motorised Transport Grant and Mobility Allowance based on assessment of individual needs.	15
➤ Increase funding to create additional accessibility on public transport, including at train and DART stations, more accessible buses, and other measures.	20
➤ Increase funding for Housing Adaptation Grants and extend the grants to tenants in social housing.	20
➤ Funding for a workforce planning function in the Department to ensure sufficient specialists are being trained to deal with growing need.	0.5
Total investment in Disability services and supports in Budget 2025	660.5

Health

One of the most basic functions of a republic is to put in place the necessary services to keep people well and treat them when they are ill. As Irish citizens, it's not too much to expect decent healthcare. Yet the sad reality is that we cannot depend on our public health service, and it has been broken for some time. The current system is far too hospital-dependent, with much of the care that could take place in local health centres happening in acute hospitals, where care is more expensive and waiting times are longer.

The Sláintecare reforms, to create a single-tier universal healthcare system, have been progressing at too slow a pace. **The Social Democrats are calling on the Government to lay out a 5-year funding programme for SláinteCare and to include this cost in the pre-committed element of the annual Budget process**, as already happens with the National Development Plan and public pay agreements.

Health Priorities in Budget 2025	(€m)
<ul style="list-style-type: none"> ➤ Funding for Sláintecare reform plan, including: <ul style="list-style-type: none"> • Funding for extra posts across GP services, child and adolescent mental health services, and community therapies to build capacity at primary care level, as well as increasing diagnostics in the community. • Additional acute hospital beds and community step-down and rehab beds, as identified in the revised National Development Plan. • Additional ICU beds, as per the Prospectus report on Adult Critical Care Services. • Additional funding for our ambulance services, particularly in areas with the slowest response times. • Accelerate implementation of the Framework for Safe Nurse Staffing and Skill Mix. 	1,383
<ul style="list-style-type: none"> ➤ Funding for a workforce planning function in the Department of Health to lead the integrated healthcare workforce strategy. This includes: <ul style="list-style-type: none"> • Coordination and collaboration across all key stakeholders. • A Planning and Advisory Group to implement and plan the workforce strategy. • A national consultation to identify key priorities, issues and challenges. 	1
<ul style="list-style-type: none"> ➤ Provision of free GP care for under 12s. 	26
<ul style="list-style-type: none"> ➤ A reduction in all prescription charges to 50c, with a cap of €5 per month. 	29.7

➤ Reduce the Drug Payment Scheme maximum payment to €60 per month.	31
➤ Provide funding to begin clearing home care waiting lists, raise the number of hours provided, and ensure additional hours can be provided to existing clients.	70
➤ Additional funding for the National Cancer Strategy, to implement all outstanding recommendations from the Strategy to 2026.	20
➤ Funding to alleviate waiting lists for children with scoliosis.	20
<ul style="list-style-type: none"> • Funding to be spent <u>exclusively</u> on children’s spinal surgeries. 	
➤ Funding to progress key chronic disease management programmes.	36
➤ Additional investment in neurological care services, including fully staffing a community neurorehabilitation team in each of the 9 CHOs around the country as outlined in the National Neurorehabilitation Strategy.	3.5
➤ Invest in community drugs services supported by the 14 Local Drugs and Alcohol Task Forces.	4
➤ Additional funding for Hospice Care , to:	
<ul style="list-style-type: none"> • Increase the capacity to deliver quality end-of-life care in the community. • Resource a national approach to palliative, end-of-life and bereavement care. • Invest in bereavement community supports. • Support people to plan for their care at end of life. 	1
➤ An expansion of investment in E-health.	135
<ul style="list-style-type: none"> • €70m in current spending, €65m in capital. 	
Total additional investment in Health measures in Budget 2025	1,760.2

Mental health

Mental health services continue to suffer from chronic underinvestment. For example, as of May 2024, there were 3,842 children and young people on the waiting list for Child and Adolescent Mental Health Services (CAMHS). This means the waiting list has almost doubled since 2019.

Budget 2025 should invest an additional €117m to support new service development and address the historic shortfall in funding for services.

This year, mental health made up only 5.1 per cent of the total health budget. A pathway towards allocating **10 per cent of the total health budget to mental health services** by the 2030 must also be set.

Government should also make long-term, multi-annual funding for Community & Voluntary organisations the norm.

Mental Health Priorities in Budget 2025	(€m)
➤ Sufficient funding to maintain existing services.	40
➤ Resource Youth Mental Health Services	10
➤ Investment in Early Intervention and Prevention	25
➤ Investment in the implementation of <i>Sharing the Vision</i>	40
➤ Resource an increase in specialist inpatient bed capacity for eating disorders from the existing 3 beds to the 23 beds pledged in the Model of Care.	2
Total additional investment in Mental Health measures in Budget 2025	117

Caring for Carers

Carers provide an invaluable service to the State.

According to the latest census data there are over 299,000 unpaid carers in Ireland providing unpaid care each week, an increase of 53 per cent in six years.

Both the Citizens’ Assembly on Gender Equality and the Oireachtas Committee on same made unequivocal recommendations in relation to the reform of Carer’s Allowance, including the need to increase the income disregards and earnings thresholds, the need to disregard the costs associated with care and increase the hours a carer is allowed to work or study, as well as the possible introduction of a Participation Income for carers.

To acknowledge and support the work of carers in Ireland, Budget 2025 must do the following, at a minimum.

Caring Priorities in Budget 2025	(€m)
➤ Increase the rate of Carer’s Allowance by €25 ³ .	
➤ Make this increase the first of a series of increases to bring the Allowance to a level reflecting the contribution made by carers.	-
➤ Increase the Carer’s Allowance income disregard to €625 (single carers) and €1,250 (couples).	23.6
➤ Increase the annual Carer’s Support Grant from €1,850 to €2,000	20.9
➤ Increase the Domiciliary Care Allowance from €330 to €355, and	
➤ Expand the Free Travel Scheme to include people in receipt of Domiciliary Care Allowance.	20.5
➤ Provide adequate funding for respite care.	16
Total investment in measures to Support Carers in Budget 2025	81

³ Cost factored into the €25 core welfare rate increase on Page 7.

Education

Ireland should be a republic in which every child has the opportunity to achieve their potential; one of the best ways to ensure this is through a **well-funded and modern education system**. The most radical reform to our education system would be to genuinely make it what it claims to be: **free**.

In the long-run, societies and economies progress and grow with investment in human capital: **That’s education**.

Not investing appropriately in education is a false economy which countries pay for eventually. Ireland’s education spending is very low on a per-pupil basis. Budget 2025 should address these deficiencies. Budget 2025 should begin a funding programme that would **make both primary and secondary education in Ireland truly free**.

This means: Fully fund schoolbooks and other classroom resources; Free school transport; Increased capitation grants; No more ‘Voluntary Contributions’.

Education Priorities in Budget 2025	(€m)
➤ Make primary education and secondary education in Ireland fully free.	277
➤ Reduce average class sizes in primary schools. The Irish average is 22.5. (In the EU it’s 20). This should be reduced by one in each of the next two years. (Costing €7m in 2025, €21m per student in full year).	7
➤ Fully restore the outstanding 1,700 posts of responsibility in primary and special schools (Full year: €9.5m).	3.2
➤ Allocate a budget to developing a strategic plan for Inclusive Education and invest resources towards the development of an inclusive model of education.	3
➤ Resource the National Education Psychology Service (NEPS) and CAMHS to address issues of trauma and poor mental health.	3.7
➤ Ring-fence funding to reduce the use of pre-fabs in schools.	20
➤ Increase core funding for Higher Education institutions, and increase public investment in R&D.	150
➤ Start to reduce third level fees, beginning with a €1,000 reduction in 2025.	95
➤ Increase SUSI grants to reflect changes in the cost of living.	12.6
Total investment in Education in Budget 2025	571.5

Other Expenditure Priorities

Other (Permanent) Expenditure Measures in 2025	(€m)
➤ Increase state social welfare pensions by €25 per week.	965.8
➤ Roll out a €1 off-peak fare to help deal with capacity constraints. <ul style="list-style-type: none"> • Fare would be valid for tram and DART services, and local buses in all cities/towns. 	228
➤ Cut public transport fares by 20 per cent in 2025.	
➤ Double funding to the Rural Transport Programme and to Local Link to increase availability, providing more local and circular routes servicing towns and villages.	25
➤ Increase investment in resourcing An Garda Síochána, including: <ul style="list-style-type: none"> • Begin investing to return the number of Community Gardaí to the 2010 peak. • Ensure Gardaí have the resources required to improve responsiveness such as having sufficient civilian staff to free up Garda time, and adequate squad cars. • Permanently embed 16 Gardaí in the new independent Corporate Enforcement Agency which will investigate and prosecute white collar crime. 	15
➤ Resource the establishment of an Anti-Corruption Strategy, which would assess the type and level of corruption present in Ireland and inform the terms of reference for a new Independent Anti-Corruption Agency.	0.5
➤ Help tackle Domestic, Sexual and Gender-Based Violence, through both protection and prevention measures, including: <ul style="list-style-type: none"> • Provide sufficient additional funding to ensure an extra 338 emergency accommodation units that would meet our obligations under the Istanbul Convention on Domestic Violence. • Devote sufficient capital spending in each of the next three budgets with a view to meeting Ireland's Istanbul Convention obligations by end of 2027 (€41m in 2025) and commit the additional current spending necessary to operationalise the new spaces (€11.3m in 2025). 	52.3
➤ Double funding for the VAT compensation scheme for charities and normalise the provision of multi-annual funding arrangements within the charity sector.	10
➤ A €150 Sports and Cultural Activity voucher for all children aged 6 to 18.	146
➤ Use the surplus in the National Training Fund to resource the National Apprenticeship Office to achieve strong alignment between training schemes and employment need, and provide subsidised upskilling courses in areas with acute skills shortages, like in construction, digital economy and green energy.	-

➤ Increase funding for Enterprise Ireland.	25
➤ Increase Irish Overseas Development Aid, and set a clear pathway to reaching the UN-agreed target of 0.7% of national income by 2030.	150
➤ Extend the Basic Income for Artists scheme, and expand participation.	40
➤ Begin the process of improving pay and conditions within the Defence Forces, and implementing the changes highlighted by the Commission’s report.	20
Total spending in other areas in Budget 2025	1,677.6

The Social Democrats would use **€1.5 billion of funds from the projected budget surplus to ensure the start of a fair transition for farmers in 2024.**

We have seen, with the huge numbers who applied to the ACRES scheme, that there is huge appetite from farmers to engage in more sustainable farming practices. The Social Democrats would devote €500 million in 2024 to environmental and locally-led schemes for farmers.

More than one-third of farmers are over the age of 65 while fewer than 7 per cent are aged under 35. It has now been nearly 30 years since the last retirement scheme for farmers and a new one is long overdue. The Social Democrats would allocate €1 billion in 2024 for a Farm Retirement Scheme Fund – but, before finalising the nature of the scheme, would ensure there was rigorous engagement with rural communities and farm families. A series of townhall meetings, across the country, should be held to ensure proper consultation and engagement with farming communities. We must have an ambitious plan to reduce emissions – but it will only work if farming communities are involved in the decision-making process and farming remains viable long into the future.

Allocations to Specific Long Terms Funds in 2025⁴	(€m)
➤ Ring-fence €1 billion of the budget surplus for a Farm Retirement Scheme fund.	1,000
➤ Create a €500m fund for use in environmental and locally-led schemes for farmers.	500
• Increase funding for existing schemes including REAP, and European Innovation Partnership projects such as the Burren and Hen Harrier scheme.	
Total Allocations to Long Terms Funds in 2025	1,500

⁴ This is in additional to the Climate Transformation Fund (accounted for on Page 4)

Income Tax Changes

If Government really wants to reduce the cost of living and give working people and families a break, it should use the majority of available resources to invest in better quality public services and social infrastructure. However, we must also ensure that workers on low incomes have additional cash to deal with things like increasing food and energy prices.

The Social Democrats have crafted a tax package that is both fair and proportional, given these dual concerns. It avoids the narrow effects of tax changes proposed by this Government that would see the larger benefits accruing to higher earners rather than the low earners.

The Social Democrats proposes two main changes to the income tax system in Budget 2025:

- Increase each of the two main Income Tax Credits⁵ by €225 (total €450 per annum).
- Begin phasing out those two credits for the highest earners.

We estimate that together, these changes would cost approximately €425 million in 2025.

Using the Tax Credit system is the fairest way available to the government to reduce taxes on income. This is because any increase in the credit is of equal benefit to all recipients, regardless of whether they earn the minimum wage, the average wage, or €100,000.

In this way, they are preferable to using changes in the Standard Rate Cut-off Point (SRCOP) to give an income tax cut, as changes to the SRCOP benefit only those above that line.

A €450 per year increase in tax credits is worth exactly €450 to all earners, regardless of salary.

We believe that the withdrawal of tax credits above a certain income level is justified, and propose that this withdrawal begin at €108,000, at a rate of €1 credit withdrawal for every €10 in additional income, until the tax credits (totalling €4,200 per person in 2025 under our proposal) are exhausted at a salary of €150,000.

This will ensure that some of the benefits of increased tax credits accruing to higher earners can be clawed back, and that very high earners pay a little more in tax. This measure would also make the income tax system more progressive.

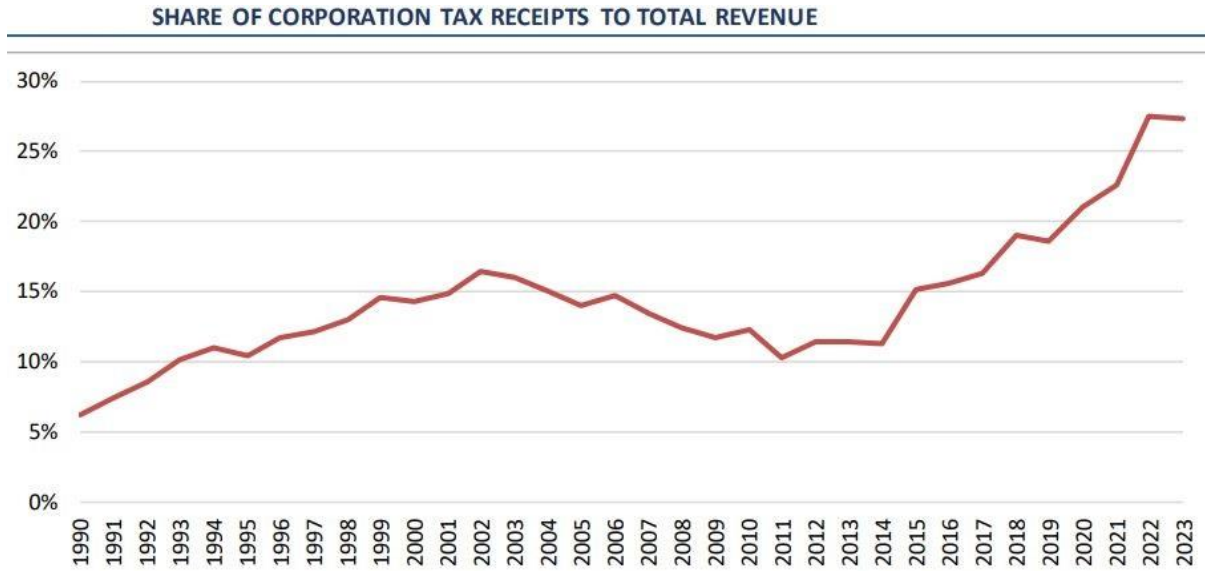
To ensure that all earners feel the benefits of our proposed tax credit increase (and of all future tax credit increases), government should make the two main income tax credits refundable⁶, as per our proposal on Page 7.

⁵ These are the Personal Tax Credit and the PAYE Tax Credit. The Earned Income Tax Credit should also be increased in line with these, to ensure that the self-employed benefit as much as PAYE workers. However, as an individual is only entitled to claim two of these three tax credits (one or other of the PAYE Tax Credit and the Earned Income Tax Credit, alongside the Personal Tax Credit which everyone gets), we refer to them above as to “the two main income tax credits”.

⁶ People earning less than €21,000 would not be earning enough to avail of the full benefit of our proposal without this measure. People earning less than €18,750 would not be earning enough to feel any benefit at all from a tax credit increase. This is wrong.

Revenue Raising

It is well-documented that Ireland is currently over-reliant on potentially temporary windfalls in corporation tax receipts. A responsible government should set out a revenue-raising strategy to reduce this dependency by broadening the tax base.



Source: ESRI’s Quarterly Economic Commentary, Summer 2024

This concentration risk compounds the problem that Ireland has historically collected levels of government revenue that are far lower than our western European peer countries – the countries we should aspire to emulate – as a proportion of national income.

Furthermore, the pre-pandemic projections (before the current corporation tax bonanza) were for the proportion to decline, with Government’s budgetary documentation repeatedly projecting further declines in government revenue as a proportion of GDP and GNI*. Windfall receipts have artificially bucked these trends, but as these are considered temporary, it would be prudent to assume that structural issues remain.

Ireland cannot close the significant deficits in our infrastructure and public service provision without changing this direction of travel. While windfall receipts can fund much needed capital expenditure that will enhance the long-term productivity of the economy, it is also **important that Ireland close the revenue-raising gap over the longer-term** and halt the projected declines in revenue raised as a proportion of national income.

In order to help reverse this trend, the Social Democrats have proposed a number of revenue-raising measures.

Some other revenue-raising or expenditure-saving measures are included throughout the document, listed within the respective policy areas and may not be included in the following summary table. The majority of the revenue raising measures listed on the next page represent measures not included in previous sections of this Alternative Budget.

Additional Revenue Raising in Budget 2025

Other Revenue Raising Priorities in Budget 2025	(€m)
➤ Begin phasing out income tax credits for the highest earners. ⁷	-
➤ Begin phasing out all subsidies for developers. (Savings in 2025: €70m).	70
➤ Implementation of a windfall tax on energy companies to raise at least €200m.	200
➤ Removal of the refundable element for unused R&D tax credits.	200
➤ An increase in the minimum effective income tax rate for people earning more than €400,000 from 30% to 32%.	110
➤ An increase from 7.5% to 10% in the stamp duty on non-residential property.	145
➤ Raising the betting tax on both in-shop and online betting from 2% to 3%.	49
➤ Increasing the Bank Levy so it raises double the current level of funding.	200
➤ Increasing the rate of Employer PRSI by 0.25%.	255
➤ Standard-rating discretionary (non-pension) tax reliefs.	152
➤ Abolishing the Special Assignee Relief Programme	35
➤ Reducing Capital Acquisition Tax Business & Agricultural Relief from 90% to 70%.	60
➤ Abolishing Entrepreneur Relief on Capital Gains Tax.	160
➤ Increasing Stamp Duty on Shares to 1.3% (from 1%).	180
➤ Taxing 'Super Wealth'	175
Total raised from these changes in Budget 2025	1,991

⁷ Saving factored into the tax-related calculation on Page 17.

Financial Summary

Table A: Summary of Budget Package	€m
Overall (Net) Resource Allocation for 2025 (See Table B, below)	14,013.3
➤ Allocation to Climate and Agricultural Funds in 2025	6,500.0
➤ Other Once-off Spending (Energy Credits)	600.0
Net Permanent Expenditure Increase in 2025	6,913.3
➤ Including increased Capital Spending in 2025	1,953.8

Table B: Overall Resources Allocated for 2025	€m
Gross Expenditure Increases and Fund Allocations in 2025	15,588.6
Net Revenue Increase (See Table C, below)	1,575.3
Net Additional Resources Allocated for 2025	14,013.3

Table C: Total Revenue Changes in 2025	€m
Revenue Increases in 2025	2,195.0
Revenue Decreases in 2025	619.7
Net Revenue Increase in 2025	1,575.3

Notes Page

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