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S O C I O - E C O N O M I C R E V I E W

**2021**

# Social Justice Matters

2021 guide to a fairer Irish society





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2021 guide to a fairer  
Irish society

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Susanne Rogers and Brigid Reynolds

**Social Justice Ireland**





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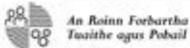
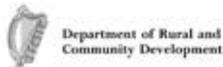
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# Chapter one

# 1.

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## TIME FOR CHANGE

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2020 was an extraordinary year. An unexpected pandemic provided sudden and immediate challenges. Unlike the huge mistakes Government made in responding to the crash of 2008, this time around the fiscal response was correct. The focus was on protecting jobs and services and ensuring a minimum standard of living could be maintained. People generally worked together very effectively at various levels, ranging from essential workers in healthcare, retail, transport and similar areas to local organisations who responded so generously to the Community Call and sought to ensure that nobody, especially those who were vulnerable, were forgotten. Mistakes were made, especially where nursing homes were concerned, but these were mitigated as far as possible in due course. Plans were developed. People responded. Changes, some of which were dramatic, were delivered. The common good featured prominently in planning and delivery. The State, the only institution with the required capacity to address the pandemic, expanded to meet the challenge. Indeed, it was an extraordinary time.

Having experienced the impact of the Covid-19 pandemic, and with the vaccination programme being rolled out, many are now reflecting on what the future holds, what future we should be working for and what plans and approaches would be most likely to respond effectively to the challenges facing Ireland and the wider world at this crucial moment. This reflection goes far beyond the immediate response to the pandemic. Many believe that Covid-19 exposed weaknesses that already existed while the response to Covid-19 showed that Government *could* expand and adjust as required to protect society and the economy. The approach taken did not mean a choice between one or the other, it was both simultaneously, something *Social Justice Ireland* has been advocating for decades.

The first two decades of the 21<sup>st</sup> century have shown that the institutions and systems developed in the late 20<sup>th</sup> century are not always what is needed to face our current challenges. The neoliberal agenda of letting markets solve economic and social problems, with the State playing a subservient role, is not up to the challenges of an unstable financial system, global migration and the Covid-19 pandemic (Clark and Kavanagh, 2021). The limitations and dangers inherent in free-market economics have been exposed and must now be rejected in the development of a fairer future.

Decades of weakening the public sector have been exposed by the pandemic. Instead of addressing the major challenges our planet faces, neoliberalism has failed to address the two great long-term threats to Western Civilisation and life on this planet: inequality and climate change. It has also failed to address other major challenges in areas such as healthcare and the digital divide. These failures have major consequences. The failure of successive Governments to address inequality, for example, has led to the persistence of poverty which means a lack of adequate income, accommodation, healthcare, food, job security and education. This goes beyond mere income inequality. In effect, the political system which responded quickly and effectively to the Covid-19 emergency has failed to deal with the hidden human misery caused by ongoing inequality. But as we have seen, change is possible.

It needs to be recognised that prior to the Covid-19 pandemic, capitalism in general was in trouble. It did not have the answers to this wide range of problems either globally or nationally (Mazzucato 2021).

Recent decades have also seen the rise of authoritarian movements globally. These basically are a response to the exclusions created by neoliberalism, but their goal is to substitute one set of exclusions based on wealth, income and education with another set based on race, gender and nationality. The remedy to exclusion is inclusion, not more exclusion or different forms of exclusion.

Inclusion is not just the elimination of the *barriers* to participation; it requires the development of the capacity and structures for *meaningful* participation. For many years specific groups were excluded from voting. But addressing that exclusion is only the first step towards full political participation (Social Justice Ireland, 2021a). Far deeper participation by citizens in shaping the policies that impact them is required. People have a right to be heard when and where these policies are made and they are demanding to be heard.

### **Ireland faces major challenges**

There is widespread agreement on the immediate policy challenges Ireland faces: a totally inadequate supply of social housing; a two-tier healthcare system; climate change; growing inequality; homelessness; environmental goals not being met, to name but a few. But it also needs to be recognised that all of these challenges, and more, preceded the Covid-19 pandemic.

Not only that. There have been some improvements, although not as much as was possible, in poverty and similar policy areas over the past number of years. This comes as a result of Government following the policy trajectory identified over many years by *Social Justice Ireland* and others, and shows that progressive policies that place human dignity at the centre are more effective than austerity. There have also, however, been some disturbing developments more recently. These range from Government's failure to increase core social welfare payment rates in the last two Budgets (despite the fact that it had trumpeted its success in reducing poverty

through increasing these rates previously) to Ireland falling into last position when ranked against EU15 peer countries on implementation of the United Nations Sustainable Development Goals on Environment, as illustrated in the latest edition of the Sustainable Progress Index (Clark & Kavanagh 2021).

Two additional challenges in the area of employment need also to be added. On the one hand we are likely to see a sharp increase in unemployment compared to pre-Covid times due to the economic consequences of the pandemic. On the other hand the pandemic has exposed the fact that Ireland's good performance on creating jobs is not matched by the quality and pay levels of many of these jobs. Total income tax receipts in 2020 were down only 1 per cent on the previous year (Department of Finance 2021) which shows that a great many of those who lost their jobs and are now depending on the pandemic unemployment payment and similar initiatives were low-income workers.

It should also be noted that the burden of the lockdown has fallen particularly on parents, especially mothers. Many have struggled to work from home while simultaneously home-schooling their children. The closing of schools has put a generation of children at risk of emotional damage and educational disadvantage. Those with the least at the beginning of the lockdown are likely to lose out the most. At particular risk are children in overcrowded homes without computers or fast broadband and children with additional needs. A fairer future would see these inequalities addressed. It would also provide a sufficient supply of affordable, quality childcare places which previously was, and still is, woefully inadequate.

A return to the pre-Covid-19 'normal' would be a pathway to continued failure. Building a better future is meaningless unless 'better' means fairer, more just and, therefore, more equal. A new approach is required if we are to see these and similar challenges being addressed effectively in the years immediately ahead. This is one of the main reasons that *Social Justice Ireland* has proposed a new Social Contract and a new Social Dialogue and set out detailed proposals on what these should contain and how they should be delivered.

### **A new Social Contract**

In *Building a New Social Contract* (Bennett et al, 2020), *Social Justice Ireland* has called for a reboot of Ireland's Social Contract, the general agreement among citizens of the principles and goals to collectively address their common challenges. After the Great Depression and World War Two a new social contract (the welfare state) was created and implemented by political and academic elites. In the last two decades of the 20<sup>th</sup> Century globalisation imposed a new social contract (neoliberalism), led by multinational corporations and pro-business politicians.

Some might think this is not the time to focus on issues such as the future of the Social Contract. History says otherwise. Before World War II had concluded, plans were already being laid for a major re-structuring of societies. In 1941 President Franklin D. Roosevelt and Prime Minister Winston Churchill issued the Atlantic

Charter, which led to the establishment of the United Nations. In 1942 the Beveridge Report, with its commitment to a universal welfare state, was published in the United Kingdom. In 1944 the Bretton Woods conference put together the post-war financial architecture. Now is the time for creative thinking about what society should look like when the pandemic has passed. Business as usual is not acceptable.

*Social Justice Ireland* is suggesting that a new social contract is required that would address the core challenges now facing society and that real citizen engagement should be at the core of such a contract. In its recent publication setting out details of its proposals, *Social Justice Ireland* identified more than eighty policy recommendations for a new Social Contract (Bennett et al, 2020). These proposals are designed to deliver a thriving economy, decent infrastructure and services, just taxation, good governance and environmental, social and economic sustainability. These policies, if adopted by Government, would, over their term of office, deliver a fair recovery and improve the quality of life for all.

We need the investment in infrastructure and services to develop a thriving economy. We need just taxation to fund this. We need good governance to ensure people have a say in shaping the decisions that impact them. We also need to ensure that everything that is done is sustainable; environmentally, economically and socially.

This will require new approaches to the world of work and recognition of much of the work done in society that goes unpaid, under-recognised and undervalued.

It will also require recognition that our tax and welfare systems are not fit for purpose in the twenty first century. The social welfare system and the income tax credits system should be replaced by a Universal Basic Income which would be far more appropriate for today's economy.

A new Social Contract will also require us to give climate action the priority it urgently needs. The response to Covid-19 shows that society can be mobilised quickly and effectively to address a real and present danger. Climate change represents such a danger, but the policy response so far has been wholly inadequate. A quick and effective response to climate change will have to figure prominently in the new Social Contract.

### **Changing role of Government**

The role of Government within the economy and society is changing. The pandemic has shown clearly that only the State can harness the nation's resources on the scale required at such a time of real threat. The need for prioritising the common good is clear. Major investment is required, investment that serves society rather than transnational corporations. It is important, in this context, that corporations realise the need for an ethic focused on purpose rather than on maximising profits for shareholders. Corporations have a responsibility to be good

citizens which extends beyond rhetoric and public relations. Politics today should be about advancing the common good. We must accept that all are responsible for all.

There is also an urgent requirement that the various components of policy be delivered simultaneously. It is not good enough anymore to argue that we should get the economy going and all else will follow. Trickle-down economics has long since been discredited. It is not possible to develop a sustainable thriving economy without simultaneously developing decent infrastructure and services, just taxation, good governance and sustainability at every level of policy making. Securing these developments should be the major priority of Government in the months and years ahead.

If this fairer pathway is to be followed then Government must play a larger role than heretofore. The need for Government to play a more active role is cogently argued by Mazzucato in her book *Mission Economy* (2021). Her solution would see Governments not limit themselves to ‘fixing’ market failures, as mainstream economists advocate, but instead, they would actively shape and co-create markets and economies to build a more inclusive and sustainable future.

### **A new Social Dialogue**

At national level a new structure for Social Dialogue is required where issues may be discussed in a deliberative manner. Any proposal for Social Dialogue should involve Government, trade unions and employers, the community and voluntary pillar, as well as farmers and the environmental pillar. Any structure for Social Dialogue that excludes any of these groups would be a recipe for ensuring that most of Ireland’s resources would be captured by those participating in the discussion. Such an approach would simply lead to deepening divisions and growing inequality in Ireland.

At the core of the new model of Social Dialogue is not the drive towards cost competitiveness (although this is incorporated through the wage bargaining process and productivity improvements) but a broad-based enhancement of capabilities in the economy and society. These do not emerge spontaneously, however, and the role of civil society – where the community and voluntary sector are particularly important in Ireland – is critical here. Dialogue is the means by which different sectors could negotiate to agree on a future they wish to achieve and set out pathways towards reaching that destination and heal any disagreements and divisions in the process.

The design and implementation of our recovery after the Covid-19 crisis will reshape our society and economy for future generations. It is important that we get these decisions right. Ireland’s economic growth in recent years has been spread very unevenly; we must ensure that this trend does not continue. In the absence of a national Social Dialogue, the strongest can fight their corner in the open market or the political realm while the weakest will be left behind. In such a scenario

inequality, already at unacceptable levels, will continue to grow and the integrated development that is required will not be achieved.

### **Curing the virus of social injustice**

As Ireland moves into a post-Covid world, it needs to cure the virus of social injustice, inequality, marginalisation and environmental destruction. In its place it needs a new Social Contract and a new Social Dialogue to facilitate movement towards that Social Contract.

To do this *Social Justice Ireland's* new Social Contract proposals would see Government policy focused on delivering five outcomes simultaneously: a vibrant economy; decent infrastructure and services; just taxation; good governance; and sustainability. This approach is not simply do-able; it is also desirable, effective and efficient. It's time for change.

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## Chapter two

## 2.

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# A NEW SOCIAL CONTRACT FOR A BRIGHTER FUTURE

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Life as we knew it changed in early 2020 when the Covid-19 pandemic forced Governments across the globe, including in Ireland, to make the choice between the economy and public health. For the most part, Ireland chose correctly. The Government acted swiftly to implement restrictions on movement and put income supports in place as thousands of, predominantly low-paid, workers faced job losses. A year has now passed and the pandemic continues to dominate public and political discourse.

But as the saying goes, the more things change, the more they stay the same. Ireland was an unequal society before the pandemic. Once announced as “the great leveller”, the pandemic has proved to be quite the opposite and has served to highlight just how unequal our society is. Decades of poor policies have resulted in an increase in precarious and low-paid employment; a two-tiered healthcare system; a market-driven housing system; increasing homelessness and a preference towards urbanisation and away from rural development and support.

Before we had ever heard of Covid-19, Ireland faced a number of significant challenges. Among the biggest were those posed by inequality, demographic changes, and climate change. These are all interlinked in many ways, but each poses its own threats and opportunities which have been brought to the fore as we grapple with a new reality.

### The Challenge of Inequality

According to the latest data from the Central Statistics Office (CSO), there were just under 630,000 people still living in poverty in 2019, despite modest improvements in poverty rates. Of these, almost 200,000 are children (CSO, 2020a). *Social Justice Ireland* welcomed the improvements, which were achieved mostly through implementation of proposals we had made. However, the number, and rate, of people experiencing enforced deprivation has increased, with almost 900,000 people (300,000 children) being forced to go without basic necessities due to lack of affordability. When the financial crash of 2008 happened, there were 13,000 fewer

people at risk of poverty in Ireland. The impact of a decade of unnecessary austerity, and policy decisions which undermined the Social Contract, has deepened the divide between those people, businesses and sectors who will survive this latest economic shock and those who will not.

As at the last week in January 2021, there were 657,076 people on the Live Register (CSO, 2021a), 479,633 of which were on the Pandemic Unemployment Payment (PUP). That amounts to 26 per cent of the labour force (CSO, 2021b).

An article in the Journal of Income Distribution suggests that income inequality in Ireland has been decreasing since the 1980s, however it also points to the fact that the share of total (gross) income going to the top 1 per cent rose by 5.5 per cent (Thewissen, Kenworthy, Nolan, Roser, & Smeeding, 2018). This percentage increase to the top 1 per cent was more than in Sweden, Finland or Germany, all of which have less inequality than Ireland when measured on the basis of the Gini coefficient<sup>1</sup>.

To give a real sense of income inequality in Ireland, one only has to look at the economic impact of the pandemic. While more than one in every seven people in the State were living on welfare payments, the wealth of Ireland's five richest people rose by €4.3 billion<sup>2</sup> in just one year. Income inequality and poverty are not just about money. They impact all other areas of our lives:

- The Covid-19 infection rates are 50 per cent or more higher in disadvantaged areas than in more affluent areas<sup>3</sup>.
- Children and young people in disadvantaged areas have poorer health, lower levels of physical activity, poorer diets, and more emotional difficulties than their wealthier peers<sup>4</sup>.
- Life expectancy is lower among disadvantaged groups than the national population and considerably lower than more affluent populations (see Chapter 7 for more details).
- Children in disadvantaged areas have poorer scores on standardised tests compared to their wealthier peers (Chapter 8).
- Even with almost half a million people on the PUP, income tax receipts increased by 3.9 per cent in January 2021, compared to January 2020 (Department of

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<sup>1</sup> [Inequality - Income inequality - OECD Data](#)

<sup>2</sup> Author's calculations on comparison between the 2020 list - Forbes Billionaires 2020 and the Real Time Billionaires list as of 06<sup>th</sup> February 2021 Real Time Billionaires (forbes.com)

<sup>3</sup> Author's calculations based on [Ireland's COVID19 Data Hub \(arcgis.com\)](#)

<sup>4</sup> Growing Up in Ireland, various years - [Growing Up in Ireland - National Longitudinal Study of Children](#)

Finance, 2021), indicating that it was the very lowest paid who suffered the most.

- Tenants in the private rented sector are more likely to be paying a higher proportion of their income in housing costs, experience deprivation and have less wealth than owner occupiers (Chapter 6).

Policymakers must acknowledge that a thriving economy is not a goal in itself but a means to social development and wellbeing for all. Substantial evidence has emerged in recent decades to support the view that economies and societies perform better across a number of different metrics, from better health to lower crime rates, where there is less inequality (Wilkinson & Pickett, 2009).

## **The Challenge of Demographic Change**

Ireland will experience significant demographic changes in the next 30 years. By 2051, Ireland's population will have increased by more than 1.5 million to around 6.5 million people. Up to 1.6 million of these people will be aged 65 or older, up from 630,000 at Census 2016. The number of those aged 80 or older is set to rise even more dramatically, increasing almost fourfold to around 550,000 by 2051. While the working age population will continue to increase, the number of older people will increase to such an extent that the dependency ratio will fall from around 5:1 to 2.5:1 (Hegarty, 2019). Hegarty further outlined the likely trajectories that Ireland's population will take between now and 2051. The profile of Ireland's population is changing, and this requires a bespoke policy response from Government. We must begin planning for these changes now, as a significant increase in investment will be required to meet the challenges associated with an ageing population.

Among the most notable points from Hegarty's paper:

- Ireland's population is projected to increase from around 4.9 million in 2019 to around 6.5 million people in 2051.
- Up to 1.6 million of these will be aged 65 or older, up from 630,000 at Census 2016. The number of those aged 80 or older is set to almost quadruple.
- Ireland has experienced a decline in both the volume of births and in the fertility rate in recent years. The decline in the fertility rate has been especially dramatic, falling from 3.2 in 1980 to 1.8 in 2017. Despite this, we still have one of the highest fertility rates in Europe.
- Ireland has also experienced strong gains in life expectancy. Men living in Ireland can expect to live until 79.3 years old on average (an increase of 7.7 years since 1981) while women living in Ireland can expect to live until 83.3 years old on average (an increase of 9.2 years since 1981).



other sectors, particularly in agriculture which accounted for 35 per cent of total national emissions in 2019 and projected increases to 2030. Before the pandemic, Ireland's economic growth path was at odds with our climate obligations; we must not return to economic policies that put growth before all else in a post-pandemic world.

The European Commission's Annual Sustainable Growth Strategy 2021, while acknowledging the scale of the challenge of the climate and environmental crisis, describes this challenge as an opportunity to "relaunch our economies in a sustainable manner" and the economic response to the pandemic as an "opportunity to accelerate the green transition" (European Commission, 2021). This will be conducted under the framework of the European Green Deal, but each Member State must play its part. The Programme for Government committed to reducing GHG emissions by 7 per cent per year (Government of Ireland, 2020), and while welcome, this is still less than was recommended by the UN Environment Programme as the minimum required by States to keep global heating below 1.5 degrees. In fact, the latest Emissions Gap Report shows that, despite a slight decrease in emissions from Covid-19, the world is still on course for a temperature rise of 3 degrees this century (UN Environment Programme, 2020).

It is possible for a vibrant economy to co-exist with environmental sustainability; in fact an OECD policy briefing suggests that a green recovery "will significantly enhance the resilience of economies and societies in the face of both the severe recession and accelerating environmental challenges" (OECD, 2020). Ireland's National Recovery and Resilience Plan and National Economic Plan must tackle this challenge seriously ensuring that all people are treated fairly in the creation of policies and projects that address climate change as well as in the systems that create climate change and developing a comprehensive mitigation and transition programme to support communities and people in the transition to a low carbon society. The European Green Deal and its commitment to increase ambition for 2030 to 50 or 55 per cent reductions on greenhouse gas will be very difficult to achieve if we do not act now. These commitments must be underpinned by ambitious and substantive policies requiring sufficient resourcing and an all-of-Government approach to ensure that we meet our environmental targets.

Over the course of this publication, we will outline: the situation Ireland faces; the services, infrastructure and investment that will be required to deal with it; the income needs of the population; how these are to be funded; how they are to be agreed upon and managed; and how to manage and deliver all of this in a sustainable way.

## **The Current Context**

In the years before the pandemic, and despite the economic gains of recent years, Ireland continued to trail our Western European counterparts in terms of service delivery and infrastructure investment. As a result, a deficit emerged between

Ireland and our peer countries in the EU-15. At the advent of Covid-19 this deficit was apparent in healthcare, housing and economic crises.

According to the Department of Finance's Fiscal Monitor – January 2021, on a twelve-month rolling basis, the Exchequer recorded a deficit of €12,741 million, a €425 million deterioration from December 2020 and driven by a decline in tax revenue (Department of Finance, 2021). Tax receipts were down by 8.8 per cent on January 2020 (a decrease of €519 million), while gross voted expenditure increased by 11.1 per cent (€628 million) in the same period. The relative resilience of tax revenues is hardly cause of celebration, given that it is partly attributable to an increase in income taxes, notwithstanding some half a million people being in receipt of the Pandemic Unemployment Payment.

The Government deficit, as at Q3 2020, was €16.9 billion, 6.2 per cent of quarterly GDP (CSO, 2021b), with gross general government debt reaching €227.5 billion. The Economic Outlook that accompanied Budget 2021, also showed that both Covid-19 and a “disorderly end” to the transition period would have a significant effect on the economy<sup>6</sup>. Modified domestic demand was set to fall by 6.5 per cent and GDP set to fall by 2.5 per cent in 2020.

The seasonally adjusted unemployment rate was 5.8 per cent (142,200 people) in January 2021, an increase of 0.7 percentage points, or 15,900 people on the previous year. The Covid-19 Adjusted Unemployment Rate was 25 per cent in January 2021, an increase of 5.6 percentage points on the previous month (CSO, 2021c).

While the economy grew, despite the many challenges of 2020, the gains of previous years, which saw headline employment numbers, consumption and exports all on positive trajectories have all but been eradicated by the pandemic. However, according to the OECD, the Irish economy is set to recover in 2021 and expand by over 4 per cent in 2022 (OECD, 2020). This recovery must be balanced. Government has capacity to borrow at historically low interest rates. We must therefore review the recovery from the current crisis in two distinct, but connected, parts. The first is the immediate aftermath of the Covid-19 crisis and the associated costs, and the second is the recovery of the economy and society into the future. These must be separated out, with the Covid-19 costs ring-fenced in 2021 and 2022 (and beyond if necessary) and financed through low-cost, very long-term borrowing.

As Ireland emerges from the worst impacts of the pandemic we must not allow the ‘reducing the deficit’ narrative to dominate economic discourse. Ireland may be comparatively well off in some areas, however as we have seen these are beset with inequalities. A misplaced focus on the deficit and any return to austerity to accelerate debt-reduction and fiscal balancing would not only be counter-productive, but would be damaging to society. According to OECD Chief Economist, Laura Boone,

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<sup>6</sup> [gov.ie - Minister Donohoe publishes economic forecasts that will underpin Budget 2021 \(www.gov.ie\)](https://www.gov.ie/en/minister-donohoe-publishes-economic-forecasts-that-will-underpin-budget-2021/)

the “public would revolt” against renewed austerity or tax rises if governments sought to quickly return deficits and debt to pre-pandemic levels (Giles, 2021). This view is also supported by a working paper published by the IMF which found a negative correlation between austerity and economic output – for every dollar that governments cut from their budgets, the economic output of their countries reduced by \$1.50 (Blanchard & Leigh, 2013) and whose head of fiscal policy, Victor Gaspar, in an interview with the Financial Times, said that there was no need for austerity (or fiscal consolidation) in countries [such as Ireland] who can borrow freely from financial markets (Giles, 2020).

The pandemic has brought about many economic and societal challenges, but it also presents an opportunity to revisit how we structure our economy so that it works for the good of society as part of a new Social Contract. This will involve intervening on so-called ‘market forces’ and the freedoms of business. There is simply no other way. We have seen that we cannot rely on corporate goodwill to defend us from catastrophe, in fact many corporations are profiting from the current crisis (Oxfam, 2021). ‘We are often told that curtailing the freedom of business is coercive and undemocratic. But by what democratic principle should corporations and billionaires decide the fate of current and future generations?’ (Monbiot, 2019). No one has the right to choose whether or not to destroy the planet or people’s lives.

*Social Justice Ireland* has a vision for an Irish society that we believe most Irish citizens would aspire to living in. This vision, and a model for its development and achievement, is outlined in this chapter and in subsequent chapters of this publication.

*Social Justice Ireland* believes strongly in the importance of developing a rights-based approach to social, economic, environmental, and cultural policy. Such an approach would go a long way towards addressing the inequality Ireland has been experiencing and should be at the heart of a new Social Contract.

We believe seven basic rights should be acknowledged and recognised<sup>7</sup>. These are the rights to (Healy, et al., 2015):

1. Sufficient income to live life with dignity;
2. Meaningful work;
3. Appropriate accommodation;
4. Relevant education;
5. Essential healthcare;

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<sup>7</sup> These are not the only rights we support and advocate. However, they are critically important for the development of a balanced society and economy which delivers wellbeing for all.

6. Cultural respect; and
7. Real participation in society.

For these seven rights to be vindicated, greater public expenditure to fund a broader provision of services is required.

As part of a new Social Contract, Government should ensure that future tax and spending policy is focussed on building up Ireland's social infrastructure, prioritising areas such as healthcare, social housing, education, childcare and early education facilities. These are areas in particular where Ireland is experiencing an infrastructure deficit. Without adequate future planning for the kinds of social infrastructure and services we need, it will not be possible to maintain – never mind improve – the current standards of living for all citizens, from children to older people.

## **The Required Response – Building a New Social Contract**

Once Covid-19 has been defeated, all countries will face a major challenge: to decide if the experience of recent months and our response to it should shape the future of our society. We must learn from this experience and tackle the inequality and exclusion that we've failed to address heretofore.

What we see clearly now is that the healthcare services that struggled in normal times are being provided with significant additional resources that, we were told, couldn't be even considered prior to the pandemic. What was claimed to be impossible then is taken to be the only sensible course of action today.

All this suggests there is something profoundly amiss with our Social Contract. Once Covid-19 has been addressed successfully it is crucial that we face up to the radical reforms that are required if we are to reverse the prevailing thrust of policy-making over the past four decades which has failed to eliminate the inequality and exclusion that blights our society.

To achieve the vision just set out, *Social Justice Ireland* has proposed a policy framework for a new Social Contract that identifies five key policy outcomes and sets out three key areas for action within each (Table 2.1). Each of these five key policy outcomes must be achieved if the vision set out in this chapter is to be realised. It is not enough to have three or even four of the five, while neglecting other areas. All five must be worked on simultaneously. Its not a question of getting the economy right and everything else will follow. That approach has led us from boom to bust to boom to bust. This must end.

**Table 2.1:** A Policy Framework for a New Social Contract

Vibrant economy	Decent services and infrastructure	Just taxation	Good governance	Sustainability
Deal with the Deficit	Increase Investment	Increase the overall Tax-Take	Open, transparent, accountable structures	Climate Justice
Financial Stability	Quality Services	Taxation Governance	Social Dialogue	Protect the Environment
Boost Public Investment	Minimum Social Floor	Broader Tax Base	Real Participation /Deliberative Democracy	Balanced Regional Development
Decent Jobs				Sustainable Progress Index
Reduce Inequality				

We need the investment in infrastructure and services to develop a thriving economy. We need just taxation to fund this. We need good governance to ensure people have a say in shaping the decisions that impact them. We also need to ensure that everything that is done is sustainable; environmentally, economically and socially.

This will require new approaches to the world of work and a recognition of much of the work done in society that goes unpaid, under-recognised and undervalued.

It will also require recognition that our tax and welfare systems are not fit for purpose in the twenty first century. The time has come to set a minimum floor of income and services below which no one should fall. The social welfare system and the income tax credits system should be replaced by a Universal Basic Income which would be far more appropriate for today’s economy. This should be accompanied by the development of Universal Basic Services to secure the wellbeing of all.

A new Social Contract will also require us to give climate action the priority it urgently needs. The response to Covid-19 shows that society can be mobilised quickly and effectively to address a real and present danger. Climate change represents such a danger, but the policy response so far has been wholly inadequate. We now know that we can respond quickly and effectively to major threats. An effective response to climate change must figure prominently in the new Social Contract.

Even at the earliest stages of this pandemic, the critical value of having an effective public sector was illustrated. The focus of recent decades on constantly reducing the role of the public sector has been shown to be wrong. Countries with a functioning public sector that caters for essential health services for all have been shown to be better equipped to deal with the pandemic than those without, including Ireland with its two-tier system of healthcare. We cannot settle for a two-tier healthcare system when this pandemic has passed. Ireland will emerge from the pandemic with a larger public sector. We must ensure that this change delivers the foundation of a new Social Contract, that everyone benefits from a larger public sector, and that these much needed services and infrastructure are adequately resourced going forward.

Some might think this is not the time to focus on issues such as the future of the Social Contract. History says otherwise. Before World War II had concluded, plans were already being laid for a major re-structuring of societies. In 1941 President Franklin D. Roosevelt and Prime Minister Winston Churchill issued the Atlantic Charter, which led to the establishment of the United Nations. In 1942 the Beveridge Report, with its commitment to a universal welfare state, was published in the United Kingdom. In 1944 the Bretton Woods conference put together the post-war financial architecture.

Now is the time for creative thinking about what society should look like when the pandemic has passed. Business as usual is not acceptable. We need a new Social Contract.

## **The Sources of Funding – Beyond the Pandemic**

Setting aside the Covid-19 related expenditures which should be ring-fenced for the next two years, it must be acknowledged that while this Social Contract we describe is eminently deliverable, it will cost money. This requires an acknowledgement from Government and from people that Ireland's current model of revenue generation does not provide the resources necessary to deliver the public services, social infrastructure or income supports that Ireland needs in order to vindicate the aforementioned rights and allow Ireland to be compared favourably with our peer countries in the EU-15.

*Social Justice Ireland* is of the view that a broadening of the tax base will be required, together with an increase in the total tax-take towards the European average<sup>8</sup>. Most Western European Governments provide a far more comprehensive programme

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<sup>8</sup> The need for a broader more stable tax base is a lesson painfully learned. If the first decade of this century taught us nothing else, it is that our small open economy is prone to shocks that can cause large swathes of revenue to disappear very quickly. The narrowness of the Irish tax base at the time resulted in almost 25 per cent of tax revenues disappearing, plunging the exchequer and the country into a series of fiscal policy crises.

of public services and social infrastructure. Many are much closer to the ideal described herein than Ireland. If we wish to emulate these countries, we must secure a level of Government revenue similar to these countries.

If a country is setting social and economic goals, it is important that taxation policy supports these goals. Ireland needs to have a real debate, not just about the levels of services and infrastructure it wishes to have in the coming decades, but also how these are to be financed.

*Social Justice Ireland* believes that Ireland should aim to collect an additional €2.5bn to €3bn per annum in taxation. This calculation is based on a more realistic estimation of Ireland's actual economic growth figures, as well as on per capita taxation numbers, population growth, and the estimated gap between Ireland's actual tax-take and the tax-take needed if Ireland is to provide a level of public services consistent with the expectations of a developed Western European democracy<sup>9</sup>.

It is simply not possible to provide the high-quality public services Irish people aspire to having while failing to collect adequate revenue to pay for them. Allowing total expenditure to fall as a proportion of national income will only result in a greater infrastructure deficit compared to our EU counterparts. Our strong rates of economic growth are an opportunity to increase expenditure on our depleted social infrastructure, rather than to reduce taxes.

As a policy objective, Ireland can remain a relatively low-tax economy, and still collect sufficient revenue to meet the economic, social and infrastructural requirements necessary to support our society and complete our convergence with the rest of Europe. Ireland can never hope to address its long-term deficits in these two areas if we continue to collect substantially less income than that required by other European countries to simply maintain their services and infrastructure (cf. chapter 4 for a more detailed discussion of this issue).

If Ireland is to increase its total tax-take, it must do so in a fair and equitable manner. *Social Justice Ireland* believes that the necessary extra revenue should be partly raised by increasing income taxes for those on the highest incomes, and partly by reforming the tax code. This should also involve shifting taxation towards wealth and higher incomes, ensuring that those who benefit the most from Ireland's economic system contribute the most, and limiting the extent to which wealthy people can avail of tax expenditures. (Cf. chapter 4 for a more on the issue of tax expenditures). Unless they are well-designed and limited, tax-based incentives can significantly erode the revenue base without achieving offsetting benefits from increased investment (IMF, 2015). Pension-related tax incentives, in particular, are in need of revision, as in their current format they redistribute income towards the better off in society (Collins & Hughes, 2017).

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<sup>9</sup> This calculation is explained in further detail in Chapter 4.

*Social Justice Ireland* advocates a minimum effective corporation tax rate of 10 per cent<sup>10</sup>; a reform of tax reliefs and incentives, particularly those accruing to individuals with income in the higher band; and the replacement of the current Local Property Tax with a Site Value Tax.

Making the two main income tax credits refundable would help make low-paid work more rewarding. Initiatives like a Site Value Tax (rather than the Local Property Tax as currently constituted) would perform the dual role of raising revenue for Government and encouraging the flow of capital towards productive social and economic enterprise. A well-structured taxation system would help reallocate capital to productive investment and away from speculative finance. Under such a system, any speculation that takes place would be taxed in such a way as to discourage such practices, whilst generating revenue for social infrastructure.

*Social Justice Ireland* also advocates the implementation of the recommendations of the Kenny Report, something which is long overdue. A windfall gains tax was introduced in 2010, which would have had a similar impact to that recommended in the report, and *Social Justice Ireland* welcomed this initiative at the time. However, its removal as part of *Budget 2015* was a retrograde step. Following a recovery in land values and the commercial property market in particular, and with shortages in land for housing, now is the perfect opportunity for the application of a windfall tax. This and the aforementioned policies would increase the fairness of the Irish taxation system, as well as broadening its base.

A crucial medium-term priority must be the re-conceptualisation of the role of the Irish corporation tax regime. There has been a growing international focus on the way transnational corporations (TNCs) manage their tax affairs. The OECD's Base Erosion and Profits Shifting (BEPS) examination has established the manner and methods by which TNCs exploit international tax structures to minimise the tax they pay. Similarly, the European Commission has undertaken a series of investigations into the tax management and tax minimisation practices of a number of large TNCs operating within the EU, including Ireland.

Aggressive tax planning by corporations relies on exploiting mismatches between the tax rules of individual countries. Many of these mismatches can be removed. Were a minimum effective rate of 6 per cent – as has long been advocated by *Social Justice Ireland* – in place in Ireland in 2019, corporation tax income would have been between €1bn and €2bn higher. The OECD's recent proposals regarding an international minimum corporate tax rate would appear to vindicate our long-held position.

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<sup>10</sup> As an interim measure, *Social Justice Ireland* believes Government should introduce a 6 per cent minimum effective rate in *Budget 2022*, and take the lead in negotiating a Europe-wide minimum headline corporation tax rate of 17.5 per cent with a minimum effective rate of 10 per cent.

It is imperative that all businesses pay their fair share of tax. In developed countries like Ireland, businesses – whether SMEs or TNCs – benefit hugely from the rest of society, including from the regulatory and physical infrastructure; social order and the rule of law; the education and training system; business development grants; the welfare and health systems which ensure the wellbeing of the labour force and potential customers; trade agreements; and, occasionally, investors who took a chance on them along the way. A huge proportion of this is created or provided at the expense of all taxpayers.

In general, *Social Justice Ireland* favours shifting the burden of taxation away from employment and other productive pursuits, and onto rent-seeking activity, actions that cause environmental damage and other negative side-effects, or other market failures such as land hoarding. We believe there may be scope for reductions in income tax or the Universal Social Charge if these are done in a fair and just manner, and if the money can be replaced with revenue from other sources.

## Governance Reform and Social Dialogue

If Ireland is to succeed in addressing the issues referred to in this publication, the pathway to doing so must be founded on consensus, must be well-managed, and must be properly evaluated.

It has been widely recognised that Ireland's governance was poor in certain areas prior to the economic crisis. This is particularly so with financial regulation. Moreover, the economic crisis led Government to make rash decisions, particularly on fiscal policy. These decisions were often made without any consultation, and many have since been recognised as very damaging, particularly in the case of the bank guarantee.

*Social Justice Ireland* believes that Government should also take further steps to increase the transparency of budgetary and other important decisions, as well as further increase their research and evaluation capacity. A 2015 report by the OECD on the Irish budgetary process stated bluntly that “the level of budget engagement by the Houses of the Oireachtas is the lowest observed in any OECD country”. It rebuked Government for a lack of engagement with parliament as a partner throughout the budget process and noted a lack of parliamentary input to medium-term fiscal planning. It also accused Government of delaying and limiting legislative scrutiny of Budget Bills and meaningful debate (OECD, 2015). There have been some improvements since; an Oireachtas Committee has been established to address these issues and the Parliamentary Budget Office has also been established to provide independent and impartial information, analysis and advice to the Houses of the Oireachtas, but much more remains to be done.

Government should publish its analysis of the distributional impact of budgetary measures on Budget day, and engage in public debate on that analysis. Previously, the Government published Poverty Impact Assessment Guidelines provided by the

Office of Social Inclusion (2008) in the budgetary documentation using the ESRI's SWITCH tax-benefit model which captured the distributional impact of changes in most taxes and benefits, but this practice was discontinued from *Budget 2010*. Government should reintroduce this practice and also adopt gender equality, socio-economic, and regional analyses and apply these to each budgetary measure. There is a need to measure the socio-economic impact of each budget: This should be a statutory responsibility for Government.

Reforming governance and widening participation must remain a key goal. An increased recognition of the need to include all stakeholders in the decision-making process is needed. A deliberative decision-making process, involving all stakeholders and founded on reasoned, evidence-based debate is required. To secure a new Social Contract, participation by various sectors of society is essential. One component of real participation is recognition that everyone should have the right to participate in shaping the society in which they live and the decisions that impact on them. In the 21<sup>st</sup> century this involves more than voting in elections and referenda. Ireland needs real, regular and structured deliberative democracy to ensure that all interest groups and all sectors of society can contribute to the discussion and the decision-making on the kind of society Ireland wishes to build.

Ireland would greatly benefit from having a structure that would engage all sectors at a national level. Social dialogue helps highlight issues at an early stage which would allow them to be addressed promptly. More importantly, it ensures that the various sectors of society are involved in developing mutually acceptable solutions to problems that emerge which in turn would be most likely to ensure their support for such solutions when implemented by Government. For such an approach to succeed it must include all five pillars i.e. employers, trade unions, farmers, community & voluntary and environmental.

As already noted, Ireland faces significant challenges in the coming decades, among them the housing and health situations, an increasing older population and the transition to a cleaner, greener economy. We need to get beyond growth and markets and recognise that, while they do have a role, they are only part of the solution. It is also important that all sectors of society – young and old, urban and rural, businesses, trade unions, farmers, community/voluntary, social inclusion and environmental – have a voice in deciding how these challenges will be met.

The National Economic Dialogue (NED) is an example of the potential for such dialogue. Government held the first NED in July 2015 and has repeated the process annually since. *Social Justice Ireland* welcomed this deliberative approach to policymaking but argued that it should meet more regularly than once a year, and should broaden its deliberations beyond the economy.

If Government wishes for all of society to take responsibility for producing a more viable social and economic model, it must involve all major sectors in society in shaping it.

Social dialogue involving all sectors of society enables the development of mutually acceptable solutions to problems that emerge. This in turn would make it more likely that support for such solutions can be secured when implemented by Government. People who have been involved in shaping decisions are far more likely to take responsibility for implementing these decisions.

## Sustainability

Sustainable development is development which meets the needs of the present while not compromising the needs of the future. Creating a sustainable Ireland requires the adoption of new indicators to measure progress. National Income figures are limited to measuring the monetary value of gross output, income and expenditure in an economy, and include many activities that are in fact detrimental to society and incompatible with the common good while omitting activities that are essential for society to survive and thrive.

*Social Justice Ireland* believes that using a country's performance on the Sustainable Development Goals (United Nations, 2015a) as a benchmark would be a more appropriate measurement of progress and wellbeing. A report earlier this year from Professor Charles Clark of St John's University, New York, and Dr Catherine Kavanagh of University College Cork (Clark & Kavanagh, 2021) seeks to move beyond national income as a measure of societal advancement, encompassing environmental and social indicators of progress as well as economic ones. This Report showed that Ireland's environmental performance was below average, ranking us 15<sup>th</sup> in the EU-15, down two positions in the past year. Ireland has been making progress in this area but other EU-15 countries are doing more. This points to policies in Ireland that have prioritised economic growth above sustainability and this is an approach that cannot be allowed to continue.

Commitments made at the COP21 conference in Paris in 2015 (United Nations, 2015b) were based on the growing realisation that the resources of the planet and its environment are finite – a fact that had often been ignored in the past. Failure to tackle climate change immediately will have significant impacts into the future, including on food production, regional and global ecosystems, and on flood-prone regions. However, commitments so far have amounted to only a quarter of what is required to meet the targets agreed in Paris. *Social Justice Ireland* suggests that Government begin using an Index such as the Sustainable Progress Index set out in the Report by Clark and Kavanagh to measure Ireland's true progress.

Sustainability is about more than the environment; it also relates to finances, economics, and social wellbeing. A significant portion of Ireland's pre-pandemic national debt originated from bailouts of the Irish financial sector; liabilities guaranteed by the Irish State on the basis of inaccurate, possibly fraudulent, information. Part of Ireland's debt represents a direct subsidy from the Irish public to international bondholders and the European banking system, the total cost of which is estimated at €64bn. There has yet to be sufficient recognition of this by

our European partners. This debt still remains to be paid. Add to that the necessary borrowing to support infrastructure investment and ongoing current expenditure as a response to the pandemic, and Ireland's Gross Debt stood at €227.5 billion, 62 per cent of GDP in Q3 of 2020 (CSO, 2021e). However, compared to the rest of the EU, Ireland saw the lowest annual change in government debt to GDP ratio between Q3 2019 and Q3 2020 (Eurostat, 2021). Sustainability in this context is now about maintaining debt payments and taking advantage of Ireland's capacity to borrow at historically low interest rates. Now is not the time for reducing the deficit, but for ensuring an economy that supports decent work, services and infrastructure in a way that is sustainable and supported by good governance principles.

A sustainable social and economic model requires balanced regional development. Government must move to correct the growing disparity in the standard of living and the distribution of population between rural and urban Ireland. The proportion of the nation's population living in and around the capital city is already very high by international standards. This is projected to keep growing and Dublin already accounts for half of all economic output in Ireland.

Yet we are continuing to model our growth path, and design our public services, in a way that encourages rather than discourages such concentration. By continuing to locate a disproportionate amount of our best health, education, and cultural institutions in Dublin, we are driving a model of development that precludes the kind of regional balance required for Ireland to thrive.

Policy must ensure balanced regional development through the provision of public services and through capital spending projects. The *National Economic Plan* must not go the same way as the *National Spatial Strategy* and Government must keep their commitments to not leaving rural Ireland behind as this would result in a further unsustainable concentration of the population around our major cities, particularly Dublin. Full roll-out of the *National Broadband Plan* is essential, particularly in the context of a shift in work patterns and an increase in remote working.

In particular, Government must figure out a way to transition to a sustainable economic model in a just manner. The concept of a Just Transition and what it entails should be an issue for consideration by a public forum involving all stakeholders. Account must be taken of the fact that, done badly, the transition to a carbon-neutral economy has the potential to do serious harm to some of Ireland's most vulnerable, including those on low incomes, those in energy-inefficient dwellings, and those living in areas heavily reliant on carbon-intensive employment.

It is worth noting the work of the Nevin Economic Research Institute (2019) which highlights the fact that around 6 per cent of employment in Ireland accounts for 75 per cent of total non-household emissions, and 8 per cent accounts for 80 per cent of emissions, if Transportation & Storage is included. These are the jobs in most danger. Emissions-intensive sectors are concentrated outside of the Dublin

area for the most part, with the exception of Transportation & Storage. The share of employment in Agriculture, Forestry & Fishing in the Border and Midlands regions is approximately twice as high as the national average. In the West, South West and Midlands, an individual is between 29 and 43 per cent more likely to work in Industry than the national average. Employment in Dublin and the Mid-East is disproportionately concentrated in Services, where carbon emissions are much lower. There is also a substantial disparity between Irish regions in the proportion of new jobs in 'low-emitting' sectors.

The transition to a carbon-neutral economy will require a certain amount of economic re-structuring, and there will inevitably be job losses. Much of the economic inequality experienced in Ireland and in other countries has been caused by economic changes that were either inevitable or the downside of desirable developments; technological progress cannot be arrested, nor can the improving competitiveness of emerging economies of the Global South. International trade deals have negative impacts as well as positive ones. But it is clear that there has been a failure to ensure the respective gains and losses from these trends and deals are shared more widely and more fairly. This cannot be allowed to happen with the move to carbon-neutrality; a just transition is imperative.

Finally, the responsibilities and obligations of the Global North towards the planet and the peoples of the East and South must be taken into account. There is a double obligation on the rich world to decarbonise rapidly in its production and consumption practices and to help to fund mitigation and adaptation programmes in the Global South (Gough, 2017, p. 12). The most developed countries of the world have burned copious amounts of fossil fuels to get to where they are, and those same countries continue to have the most carbon-intensive lifestyles. There is not an unreasonable expectation in the developing world that they should not have to remain at the current level of development, well behind the living standards of the world's richest countries.

The Intergovernmental Panel on Climate Change (IPCC, 2019) estimates that the available 'global carbon budget' – a budget that would offer a 66 per cent chance of remaining within the 1.5 degrees warming target – is 420 billion tonnes of CO<sub>2</sub>. Dividing that equally between all 7.7 billion humans on Earth today and dividing by the years left this century gives a global personal allowance of a little less than 0.7 tonnes per person per year. (And the world's population is expanding.) Present consumption in Ireland is 13 tonnes per person per year; almost 20 times our 'moral budget'.

Gough (2017) characterises this situation as needing what he refers to as 'speedy contraction and convergence'. The goal must be to respect biophysical boundaries while at the same time pursuing sustainable wellbeing; that is, wellbeing for all current peoples, as well as future generations. 'Between an upper boundary set by biophysical limits and a lower boundary set by decent levels of wellbeing for all today lies a safe and just space for humanity'. Essentially, it is about deciding

what would constitute a moral minimum of need satisfaction across today's world. Gough concludes that 'equity, redistribution and prioritising human needs, far from being diversions from the basic task of decarbonising the economy, are critical climate policies'.

## Conclusion

As we continue to face the most difficult and challenging times most of us have ever known, it is important to acknowledge that despite well documented problems and challenges, Ireland is in the privileged position of having public services and social infrastructure to rely on at a time of crisis. This is due to the social contract that underpins our social infrastructure. The social contract as a concept has evolved to encompass a situation whereby citizens contribute to the common good – whether economically, socially or culturally – on the assumption that the State will ensure a minimum standard of living, provision of essential social services and infrastructure, and the protection of their basic rights.

As part of this social contract arrangement in a modern democratic society, citizens may expect:

access to meaningful work, as well as protection from poverty at times where paid employment is not accessible;

- a minimum floor of income and services;
- an education system that is relevant, accessible and high in quality;
- a guarantee that their needs will be met at times of ill-health;
- the regulation and protection of the environment for the good of all citizens; and
- ensured participation in civic life and in the decisions that affect them.

In return, citizens have a responsibility to contribute to society in different ways at different points in the lifecycle. This may be through being employed; through paying taxes; through engaging in caring and voluntary work; or making other contributions to the economic, social, cultural or environmental wellbeing of society.

A key part of the social contract is solidarity between generations. At different points in the lifecycle, all of us will (from a financial perspective) be either net beneficiaries from, or net contributors to, society. This differs, depending on whether we are children, adults of working age, or pensioners. It depends on whether we are in full-time or part-time education, engaged in caring work or in paid employment, or volunteering in the community. But, at almost all times, we are contributing to and benefiting from society in different ways.

The current crisis and its impact on the economy and society mean that in the long-term we must reconceptualise the interaction of employment and work, taxation, and welfare and give serious consideration to policies such as a universal basic income and universal basic services.

Having set out our vision for Ireland and presented a policy framework for a new Social Contract, and provided some details of the policy initiatives required under each of its five pillars, we now move on to look in much greater detail at key aspects of these five pillars.

We provide a fuller analysis of both the first pillar, a vibrant economy, and the associated just taxation system, in chapter 4 where we also set out a more detailed set of policy proposals.

We address decent social services and infrastructure in chapters 3 – on income distribution; 5 – work, unemployment and job creation; 6 – housing and accommodation; 7 – healthcare; 8 – education; 9 – other public services. On each of these we provide an analysis and critique of the present situation, set out a vision for a fairer future and make a detailed set of policy proposals aimed at moving in that direction.

The fourth pillar, good governance, is addressed in chapter 10, where we again provide analysis and critique together with concrete policy proposals.

The fifth pillar, sustainability, is addressed in chapters 11 – sustainability; 12 – rural development; and 13 – the global south, following the same approach.

Chapter 14 provides further details on the values that underpin our approach, our focus and our proposals.

We referred to the following quote from Milton Friedman (1982), that great exponent of neoliberalism and winner of the Nobel Prize for Economics in 1976, in this book last year. Little did we realise how prescient it would be:

‘Only a crisis – actual or perceived – produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around... Our basic function [is] to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes the politically inevitable’.

Ireland, and indeed the planet, now faces crisis; a situation where business as usual can mean only social and environmental catastrophe. *Social Justice Ireland* has developed alternatives to existing policies and advocated for them for many years. We have reached a point where adoption of those policies is surely a necessity. Those ideas and alternatives to existing policies, ideas that would result in a fairer more just society, are contained herein.

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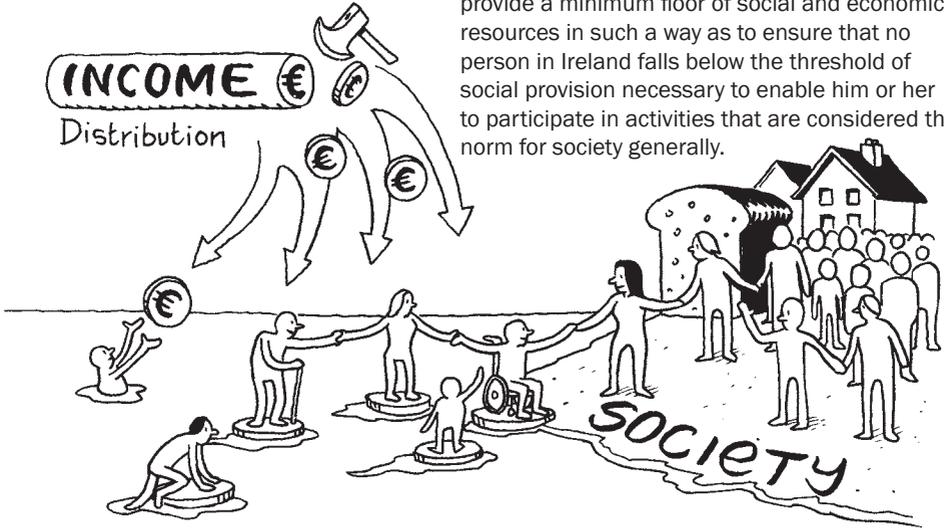
## Chapter three

### Chapter 3

### Income and Income Distribution

### Core Policy Objective:

To provide all with sufficient income to live life with dignity. This would require enough income to provide a minimum floor of social and economic resources in such a way as to ensure that no person in Ireland falls below the threshold of social provision necessary to enable him or her to participate in activities that are considered the norm for society generally.



### Key Issues and Evidence



4.6% of all people with a job are living in poverty.



Data shows that welfare increases in recent years lead to a welcome reduction in poverty rates.

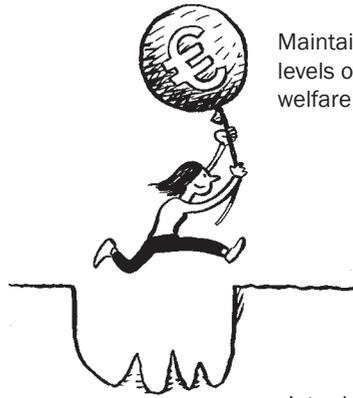
**Policy Solutions**



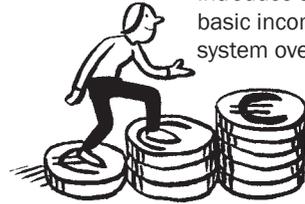
Set a goal of eliminating poverty in a single five year Dáil term



Benchmark adequate levels of social welfare payments.



Maintain adequate levels of social welfare payments



Introduce a full basic income system over time.



Introduce a cost of disability payment.



Make personal tax credits refundable.



Introduce a Living Wage.



Adequate payments for children.

### 3.

## INCOME AND INCOME DISTRIBUTION

### **Core Policy Objective: INCOME AND INCOME DISTRIBUTION**

To provide all with sufficient income to live life with dignity. This would require enough income to provide a minimum floor of social and economic resources in such a way as to ensure that no person in Ireland falls below the threshold of social provision necessary to enable him or her to participate in activities that are considered the norm for society generally.

High rates of poverty and income inequality have been the norm in Irish society for some time. They are problems that require greater attention than they currently receive, but tackling these problems effectively is a multifaceted task. It requires action on many fronts, ranging from healthcare and education to accommodation and employment. However, the most important requirement in tackling poverty is the provision of sufficient income to enable people to live life with dignity. No anti-poverty strategy can possibly be successful without an effective approach to addressing low incomes.<sup>1</sup>

This chapter addresses the issue of income in three parts. The first (section 3.1) examines key evidence relating to the extent and nature of poverty and the income distribution in Ireland today. Subsequently section 3.2 considers the key policy reforms that we believe should be pursued. The chapter concludes (section 3.3) by summarising our key policy priorities in this area.

If the challenges addressed in this chapter are to be effectively addressed in the years ahead, *Social Justice Ireland* believes that the following key initiatives are required:

- increase in social welfare payments;
- equity of social welfare rates;
- adequate payments for children;

<sup>1</sup> Annex 3, containing additional information relevant to this chapter, is available on the *Social Justice Ireland* website: <http://www.socialjustice.ie/content/publications/type/socioeconomic-review-annex>

- refundable tax credits;
- decent rates of pay for low paid workers;
- a universal state pension; and
- a cost of disability payment.

### 3.1 Key Evidence

#### Poverty

While there is still considerable poverty in Ireland, there has been much progress on this issue over the past two decades. Driven by increases in social welfare payments, particularly payments to the unemployed, the elderly and people with disabilities, the rate of poverty significantly declined between 2001 and 2009.<sup>2</sup> Subsequently, welfare rates were reduced and poverty increased during the economic crash. In recent years, driven once again by welfare increases, poverty has fallen and now stands at 12.8 per cent of the population according to the latest data, which is for 2019.

Data on Ireland's income and poverty levels are provided by the annual *SILC*, or *Survey on Income and Living Conditions*. This survey replaced the *European Household Panel Survey* and the *Living in Ireland Survey* which had run throughout the 1990s. Since 2003 the *SILC / EU-SILC* survey has collected detailed information on income and living conditions from up to 120 households in Ireland each week; giving a total sample of between 4,000 and 6,000 households each year.

*Social Justice Ireland* welcomes this survey and in particular the accessibility of the data produced. Because this survey is conducted simultaneously across all of the European Union (EU) states, the results are an important contribution to the ongoing discussion on relative income and poverty levels across the EU. It also provides the basis for informed analysis of the relative position of the citizens of member states. In particular, this analysis is informed by a set of agreed indicators of social exclusion which the EU Heads of Government adopted at Laeken in 2001. These indicators are calculated from the survey results and cover four dimensions of social exclusion: financial poverty, employment, health, and education. They also form the basis of the EU Open Method of Co-ordination for social protection and social inclusion and the *Europe 2020* poverty and social exclusion targets.

#### *What is poverty?*

The National Anti-Poverty Strategy (NAPS) published by Government in 1997 adopted the following definition of poverty:

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<sup>2</sup> Irish household income data has been collected since 1973 and all surveys up to the period 2008-2010 recorded poverty levels above 15 per cent.

*People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living that is regarded as acceptable by Irish society generally. As a result of inadequate income and resources people may be excluded and marginalised from participating in activities that are considered the norm for other people in society.*

This definition was reiterated in the subsequent *National Action Plan for Social Inclusion 2007-2016 (NAPinclusion)* and restated in the recently published *Roadmap for Social Inclusion 2020-2025*.

### ***Where is the poverty line?***

How many people are poor? On what basis are they classified as poor? These and related questions are constantly asked when poverty is discussed or analysed.

In trying to measure the extent of poverty, the most common approach has been to identify a poverty line (or lines) based on people's disposable income (earned income after taxes and including all benefits). The European Commission and the United Nations (UN), among others, use a poverty line located at 60 per cent of median income. The median disposable income is the income of the middle person in society. This poverty line is the one adopted in the *SILC* survey. While the 60 per cent median income line has been adopted as the primary poverty line, alternatives set at 50 per cent and 70 per cent of median income are also used to clarify and lend robustness to assessments of poverty.

The most up-to-date data available on poverty in Ireland comes from the 2019 *SILC* survey, conducted by the CSO and published in October 2020. In that year the CSO gathered data from a statistically representative sample of 4,183 households containing 10,698 individuals. The data gathered by the CSO is very detailed. It incorporates income from work, welfare, pensions, rental income, dividends, capital gains and other regular transfers. Where possible, this data was subsequently verified anonymously using PPS numbers.

According to the CSO, the median disposable income per adult in Ireland during 2019 was €23,979 per annum or €459.54 per week. Consequently, the income poverty lines for a single adult derived from this are:

50% of median	€229.77 a week
60% of median	€275.73 a week
70% of median	€321.68 a week

Updating the 60 per cent median income poverty line to 2021 levels, using published CSO data on the growth in average hourly earnings in 2020 (+3.9 per cent) and ESRI projections for 2021 (+0 per cent) produces a relative income poverty

line of €286.48 for a single person. In 2021, any adult below this weekly income level will be counted as being at risk of poverty (CSO, 2020, ESRI 2020).

Table 3.1 shows what income corresponds to this poverty line for a number of household types. The figure of €286.48 is an income per adult equivalent figure. It is the minimum weekly disposable income (after taxes and including all benefits) that one adult needs to be above the poverty line. For each additional adult in the household this minimum income figure is increased by €189.08 (66 per cent of the poverty line figure) and for each child in the household the minimum income figure is increased by €94.54 (33 per cent of the poverty line)<sup>3</sup>. These adjustments reflect the fact that as households increase in size they require more income to meet the basic standard of living implied by the poverty line. In all cases a household below the corresponding weekly disposable income figure is classified as living at risk of poverty. For clarity, corresponding annual figures are also included.

**Table 3.1:** The Minimum Weekly Disposable Income Required to Avoid Poverty in 2021, by Household Types

Household containing:	Weekly poverty line	Annual poverty line
1 adult	€286.48	€14,949
1 adult + 1 child	€381.02	€19,882
1 adult + 2 children	€475.56	€24,815
1 adult + 3 children	€570.09	€29,748
2 adults	€475.56	€24,815
2 adults + 1 child	€570.09	€29,748
2 adults + 2 children	€664.63	€34,681
2 adults + 3 children	€759.17	€39,614
3 adults	€664.63	€34,681

Source: *Social Justice Ireland* calculation based on CSO and ESRI data.

One immediate implication of this analysis is that most weekly social assistance rates paid to single people are €83 below the poverty line.

### *How many have incomes below the poverty line?*

Table 3.2 outlines the findings of various poverty studies since detailed national poverty assessments commenced in 1994. Using the EU poverty line set at 60 per

<sup>3</sup> For example, the poverty line for a household with 2 adults and 1 child would be calculated as €286.48 + €189.08 + €94.54 = €570.09.

cent of median income, the findings reveal that almost 13 out of every 100 people in Ireland were living in poverty in 2019. The table shows that over time poverty rates have fluctuated. In general, decreases have occurred in periods where national budgets have given greater attention to improving minimum welfare payments or prioritising welfare dependent households, as has been the case in recent years. Conversely, poverty has increased in periods where welfare payments were less of a policy priority and therefore gaps opened between those benefiting from tax and earnings changes and those household dependent on support from the social transfer system<sup>4</sup>.

**Table 3.2:** Percentage of Population Below Various Relative Income Poverty Lines, 1994-2019

	1994	1998	2001	2005	2009	2013	2016	2019
50% line	6.0	9.9	12.9	10.7	6.9	8.5	9.2	5.7
60% line	15.6	19.8	21.9	18.3	14.1	16.2	16.2	12.8
70% line	26.7	26.9	29.3	28.0	24.5	23.9	26.0	23.2

**Source:** CSO SILC reports (various years) and Whelan et al (2003:12).

**Note:** All poverty lines calculated as a percentage of median income.

Because it is sometimes easy to overlook the scale of Ireland’s poverty problem, it is useful to translate these poverty percentages into numbers of people. Using the percentages for the 60 per cent median income poverty line and population statistics from CSO population estimates, we can calculate the numbers of people in Ireland who have been in poverty for a number of years between 1994 and 2019. These calculations are presented in table 3.3. The results give a better picture of just how significant this problem is.

<sup>4</sup> See tables 3.7 and 3.8 for further analysis of this point.

**Table 3.3:** The Numbers of People Below Relative Income Poverty Lines in Ireland, 1994-2019

	% of persons in poverty	Population of Ireland	Numbers in poverty
1994	15.6	3,585,900	559,400
1998	19.8	3,703,100	733,214
2001	21.9	3,847,200	842,537
2005	18.3	4,133,800	756,485
2009	14.1	4,533,400	639,209
2013	16.2	4,614,700	747,581
2016	16.2	4,739,600	767,815
2019	12.8	4,921,500	629,952

**Source:** See Table 3.2 and CSO online database of population estimates.

**Note:** Population estimates are for April of each year.

The table's figures are telling. Looking over the past 25 years, despite a reduction in the headline poverty rate (from 15.6 per cent to 12.8 per cent) there are 70,000 more people in poverty. Notably, over the period from 2004-2008, the period corresponding with consistent Budget increases in minimum social welfare payments, almost 145,000 people left poverty. This progress was reversed by the subsequent recession, and the rate and number in poverty began to fall from 2016 onwards driven by various budgetary policies that prioritised lower income households and welfare. The latest figures suggest that the numbers in poverty today are similar to those of a decade ago.

The fact that there are almost 630,000 people in Ireland living life on a level of income that is this low remains a major concern. As shown in table 3.1 these levels of income are low and those below them clearly face difficulties in achieving what the NAPS described as "*a standard of living that is regarded as acceptable by Irish society generally*".

The Annex that accompanies this chapter provides a more detailed profile of those groups in Ireland that are living in poverty including the working poor, children, older people, people with a disability and those living in regional and rural areas.

### *The incidence of poverty*

Figures detailing the incidence of poverty reveal the proportion of all those in poverty that belong to particular groups in Irish society. Tables 3.4 and 3.5 report

all those below the 60 per cent of median income poverty line, classifying them by their principal economic status (i.e. the main thing people do). The first table examines the population as a whole, including children, while the second table focuses exclusively on adults.

Table 3.4 shows that in 2019, the largest group of the population who are poor, accounting for 26 per cent of the total, were children. The second largest group are those at work (15.4 per cent) while the third largest group are those working in the home (13.4 per cent). Of all those who are poor, 26.3 per cent were in the labour force and the remainder (71.2 per cent) were outside the labour market.<sup>5</sup>

**Table 3.4:** Incidence of Persons Below 60% of Median Income by Principal Economic Status, 2003-2019

	2003	2006	2009	2012	2015	2019
At work	16.0	16.1	14.3	12.2	13.7	15.4
Unemployed	7.6	8.3	12.9	19.2	14.2	10.9
Students/school	8.6	15.0	14.6	14.2	15.4	10.6
On home duties	22.5	18.4	18.0	15.5	14.8	13.4
Retired	9.0	5.8	4.7	5.9	7.3	9.9
Ill/disabled	9.1	8.0	6.4	7.3	8.4	12.3
Children (under 16 years)	25.3	26.6	27.6	23.8	24.3	26.1
Others	1.9	1.8	1.5	1.9	1.9	1.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Collins (2006:141), CSO SILC Reports (various years).

Table 3.5 looks at adults only and provides a more informed assessment of the nature of poverty. This is an important perspective as in general children depend on adults for their upbringing and support. Irrespective of how policy interventions are structured, it is through adults that any attempts to reduce the number of children in poverty must be directed. The table shows that in 2019 just over one fifth of Ireland’s adults with an income below the poverty line were employed. Overall, 35.6 per cent of adults at risk of poverty in Ireland were associated with the labour market.

<sup>5</sup> This does not include the ill and people with a disability. The SILC data classified people in this groups as ‘unable to work due to permanent sickness/disability’.

The incidence of being at risk of poverty amongst those in employment is particularly alarming. Many people in this group do not benefit from Budget changes in welfare or income tax. They would be the main beneficiaries of any move to make the two main income tax credits refundable, a topic addressed in Chapter 4.

**Table 3.5:** Incidence of Adults (16yrs+) Below 60% of Median Income by Principal Economic Status, 2003-2019

	2003	2006	2009	2012	2015	2019
At work	21.4	16.4	14.5	16.0	18.1	20.8
Unemployed	11.5	15.3	14.8	18.6	20.3	14.7
Students/school	10.2	8.5	13.1	25.2	18.8	14.3
On home duties	30.1	18.7	18.3	20.3	19.6	18.1
Retired	12.0	5.9	4.8	7.7	9.6	13.4
Ill/disabled	2.5	27.1	28.0	2.5	2.5	16.6
Others	12.2	8.1	6.5	9.6	11.1	1.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Source:** Calculated from Collins (2006:141) and CSO SILC Reports (various years).

**Note:** Adults defined using ILO definition – aged 16 or over.

### *The Scale of Poverty – Numbers of People*

As the two tables in the last subsection deal only in percentages it is useful to transform these proportions into numbers of people. Table 3.3 revealed that almost 630,000 people were living below the 60 per cent of median income poverty line in 2019. Using this figure, table 3.6 presents the number of people in poverty in that year within various categories. Comparable figures are also presented for selected years over the last fifteen years (2006, 2009 and 2012).

The data in table 3.6 is particularly useful in the context of framing anti-poverty policy. Groups such as the retired and the ill/disabled, although carrying a high risk of poverty, involve smaller numbers of people than groups such as adults who are employed (the working poor). Among the primary drivers of the 2006-09 poverty reductions were increasing incomes among those who were on home duties, those who are classified as ill/disabled, the retired and children. Between 2006 and 2009 the numbers of workers in poverty declined while the numbers of unemployed people in poverty notably increased. This reflected the rise in unemployment in the labour market as a whole during those years. As the table shows, the recent changes in the headline poverty numbers – showing a decrease of over 145,000 since 2012 – hide a variety of experiences for different parts of the populations. Since 2012

poverty has fallen among the unemployed, children and students, but has risen for workers, those who are retired and people who are ill or have a disability.

**Table 3.6:** Poverty Levels Expressed in Numbers of People, 2006-2019

	2006	2009	2012	2019
Overall	719,593	639,209	776,335	629,952
<b>Adults</b>				
At work	115,854	91,407	94,713	97,013
Unemployed	59,726	82,458	149,056	68,665
Students/school	107,939	93,325	110,240	66,775
On home duties	132,405	115,058	120,332	84,414
Retired	41,736	30,043	45,804	62,365
Ill/disability	57,567	40,909	56,672	77,484
Other	12,953	9,588	14,750	8,819
<b>Children</b>				
Children (under 16 yrs)	191,412	176,422	184,768	164,417
Children (under 18 yrs)	250,418	223,084	232,124	191,505

**Source:** Calculated using CSO SILC Reports (various years) and data from table 3.3.

### **Poverty and social welfare recipients**

*Social Justice Ireland* believes in the very important role that social welfare plays in addressing poverty. As part of the *SILC* results the CSO has provided an interesting insight into the role that social welfare payments play in tackling Ireland's poverty levels. It has calculated the levels of poverty before and after the payment of social welfare benefits.

Table 3.7 shows that without the social welfare system just over 4 in every 10 people in the Irish population (41.4 per cent) would have been living in poverty in 2019. Such an underlying poverty rate suggests a deeply unequal distribution of direct income; an issue we address further in the income distribution section of

this chapter. In 2019, the actual poverty figure of 12.8 per cent reflects the fact that social welfare payments reduced poverty by 28.6 percentage points.

Looking at the impact of these payments on poverty over time, the increases in social welfare over the period 2005-2007 yielded noticeable reductions in poverty levels. The small increases in social welfare payments in 2001 are reflected in the smaller effects achieved in that year. Conversely, the larger increases, and therefore higher levels of social welfare payments, in subsequent years delivered greater reductions. This has occurred even as poverty levels before social welfare increased.

A report by Watson and Maitre (2013) examined these effects in greater detail and noted the effectiveness of social welfare payments, with child benefit and the growth in the value of social welfare payments, playing a key role in reducing poverty levels up until 2009. The CSO have also shown that in 2009 poverty among those aged 65 and older reduced from 88 per cent to 9.6 per cent once social welfare payments were included. The same study also found that social welfare payments (including child benefit) reduced poverty among those under 18 years of age from 47.3 per cent to 18.6 per cent – a 60 per cent reduction in poverty risk (CSO, 2010:47)<sup>6</sup>.

These findings, combined with the social welfare impact data in table 3.7, underscore the importance of social transfer payments in addressing poverty; a point that needs to be borne in mind as Government forms policy and priorities in the years to come.

**Table 3.7:** The Role of Social Welfare (SW) Payments in Addressing Poverty

	2001	2004	2008	2012	2016	2019
Poverty pre-SW	35.6	39.8	43.0	50.2	44.9	41.4
Poverty post-SW	21.9	19.4	14.4	16.9	16.2	12.8
<b>The role of SW</b>	<b>-13.7</b>	<b>-20.4</b>	<b>-28.6</b>	<b>-33.3</b>	<b>-28.7</b>	<b>-28.6</b>

Source: CSO SILC Reports (various years) using national equivalence scale.

Analysis in the accompanying Annex to this chapter<sup>7</sup> (see table A3.1 and the subsequent text) shows that many of the groups in Irish society that experienced increases in poverty levels over the last decade have been dependent on social welfare payments. These include pensioners, the retired, lone parents and those who are ill or have a disability. Table 3.8 presents the results of an analysis of five key welfare recipient groups performed by the ESRI using poverty data for five of the years between 1994 and 2001. These were the years that the Irish economy grew

<sup>6</sup> This data has not been updated in subsequent SILC publications.

<sup>7</sup> Available online at [www.socialjustice.ie](http://www.socialjustice.ie)

fastest and the core years of the ‘Celtic Tiger’ boom. Between 1994 and 2001 all categories experienced large growth in their poverty risk. For example, in 1994 only five out of every 100 old age pension recipients were in poverty. In 2001 this had increased ten-fold to almost 50 out of every 100. The experience of widow’s pension recipients is similar.

**Table 3.8:** Percentage of Persons in Receipt of Welfare Benefits/Assistance Who Were Below the 60 Per Cent Median Income Poverty Line, 1994-2001

	1994	1997	1998	2000	2001
Old age pension	5.3	19.2	30.7	42.9	49.0
Unemployment benefit/assistance	23.9	30.6	44.8	40.5	43.1
Illness/disability	10.4	25.4	38.5	48.4	49.4
Lone Parents allowance	25.8	38.4	36.9	42.7	39.7
Widow’s pension	5.5	38.0	49.4	42.4	42.1

Source: Whelan et al (2003: 31).

Table 3.8 highlights the importance of adequate social welfare payments to prevent people becoming at risk of poverty. Over the period covered by these studies, groups similar to *Social Justice Ireland* repeatedly pointed out that these payments had failed to rise in proportion to earnings and incomes elsewhere in society. The primary consequence of this was that recipients slipped further and further back and therefore more and more fell into poverty. In 2021, as we plan future budgetary priorities, it is important that adequate levels of social welfare be maintained to ensure that the mistakes of the past are not repeated. We outline our proposals to achieve this later in the chapter.

### *The poverty gap*

As part of the 2001 Laeken indicators, the EU asked all member countries to begin measuring their relative “at risk of poverty gap”. This indicator assesses how far below the poverty line the income of the median (middle) person in poverty is. The size of that difference is calculated as a percentage of the poverty line and therefore represents the gap between the income of the middle person in poverty and the poverty line. The higher the percentage figure, the greater the poverty gap and the further people are falling beneath the poverty line. As there is a considerable difference between being 2 per cent and 20 per cent below the poverty line, this insight is significant.

**Table 3.9:** The Poverty Gap, 2003-2019

	2003	2006	2009	2012	2015	2019
Poverty gap size	21.5	17.5	16.2	20.1	16.5	14.7

Source: CSO SILC Reports (various years).

The *SILC* results for 2019 show that the poverty gap was 14.7 per cent, compared to 20.1 per cent in 2012 and 16.2 per cent in 2009. Over time, the gap had decreased from a figure of 21.5 per cent in 2003.

The 2019 poverty gap figure implies that 50 per cent of those in poverty had an equivalised income below 85.3 per cent of the poverty line. An examination by Collins, covering the period 2008-17, highlighted that most people in poverty live on an income some distance below the poverty thresholds outlined in Table 3.1. He found that on average those below the poverty line had an income of around €55 per week (€2,900 per year) below that line (2020: 15-19).

As the depth of poverty is an important issue, we will monitor closely the movement of this indicator in future editions of the *SILC*. It is crucial that, as part of Ireland's approach to addressing poverty, this figure further declines in the future.

### ***Poverty and deprivation***

Income alone does not tell the whole story concerning living standards and command over resources. As we have seen in the NAPS definition of poverty, it is necessary to look more broadly at exclusion from society because of a lack of resources. This requires looking at other areas where 'as a result of inadequate income and resources people may be excluded and marginalised from participating in activities that are considered the norm for other people in society' (NAPS, 1997). Although income is the principal indicator used to assess wellbeing and ability to participate in society, there are other measures. In particular, these measures assess the standards of living people achieve by assessing deprivation through use of different indicators.

### ***Deprivation in the SILC survey***

Since 2007 the CSO has presented 11 measures of deprivation in the *SILC* survey, compared to just eight before that. *Social Justice Ireland* and others have expressed serious reservations about the overall range of measures employed in this indicator. We believe that a whole new approach to measuring deprivation should be developed. Continuing to collect information on a limited number of static indicators is problematic in itself and does not present a true picture of the dynamic nature of Irish society. However, notwithstanding these reservations, the trends are informative and offer some insight into the changes in income over recent years on households and living standards across the state.

The results presented in table 3.10 shows that in 2019 the rates of deprivation recorded across the set of 11 items varied between 1.4 and 18.1 per cent of the Irish population. Overall 70.4 per cent of the population were not deprived of any item, while 11.7 per cent were deprived of one item, 5.9 per cent were without two items and almost 10 per cent were without three or more items. Among those living on an income below the poverty line, four in ten (42.7 per cent) experienced deprivation of two or more items.

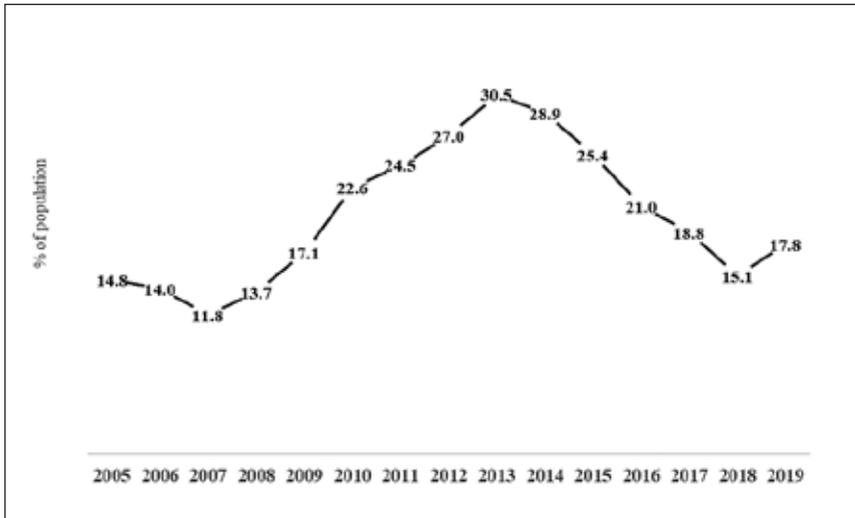
**Table 3.10:** Levels of Deprivation for Eleven Items Among the Population and Those in Poverty, 2019 (%)

Deprivation Item	Total Population	Those in Poverty
Without heating at some stage in the past year	8.6	26.1
Unable to afford a morning, afternoon or evening out in the last fortnight	11.7	30.8
Unable to afford two pairs of strong shoes	3.1	10.7
Unable to afford a roast once a week	4.5	13.7
Unable to afford a meal with meat, chicken or fish every second day	1.7	6.1
Unable to afford new (not second-hand) clothes	7.7	23.6
Unable to afford a warm waterproof coat	1.4	5.2
Unable to afford to keep the home adequately warm	4.9	14.7
Unable to replace any worn out furniture	18.1	38.7
Unable to afford to have family or friends for a drink or meal once a month	13.6	30.5
Unable to afford to buy presents for family or friends at least once a year	4.3	14.5

Source: CSO (2020).

Note: Poverty as measured using the 60 per cent median income poverty line.

**Chart 3.1:** Deprivation Rate, 2005-2019



Source: CSO SILC Reports (various years).

It is of interest that from 2007 to 2013, as the economic crisis took hold, the proportion of the population which experienced no deprivation fell from 75.6 per cent in 2007 to 55.1 per cent in 2013. Since then this figure has improved. Simultaneously, the proportion of the population experiencing deprivation of two or more items (the deprivation rate) more than doubled – see Chart 3.1. By 2019 just over 875,000 people (17.8 per cent of the population) were experiencing deprivation at this level. The most common deprivation experiences include: being unable to afford to replace worn out furniture, being unable to afford to have family or friends for a drink or meal once a month and being unable to afford a morning, afternoon or evening out in the last fortnight.

#### ***Deprivation and poverty combined: consistent poverty***

‘Consistent poverty’ combines deprivation and poverty into a single indicator. It does this by calculating the proportion of the population simultaneously experiencing poverty and registering as deprived of two or more of the items in Table 3.10. As such, it captures a sub-group of those who are poor.

The *National Action Plan for Social Inclusion 2007-2016 (NAPinclusion)* published in early 2007 set its overall poverty goal using this earlier consistent poverty measure. One of its aims was to reduce the number of people experiencing consistent poverty to between 2 per cent and 4 per cent of the total population by 2012, with a further aim of eliminating consistent poverty by 2016. A revision to this target was published as part of the Government’s *National Reform Programme 2012 Update for*

*Ireland* (2012). The revised poverty target was to reduce the numbers experiencing consistent poverty to 4 per cent by 2016 and to 2 per cent or less by 2020. This target has been retained, and the time period extended to 2025, as part of Government's *Roadmap for Social Inclusion 2020-25* (Government of Ireland, 2020). *Social Justice Ireland* participated in the consultation process on the revision of this and other poverty targets. While we agree with the revised 2 per cent consistent poverty target (it is not possible to measure below this 2 per cent level using survey data) we proposed that this target should be accompanied by other targets focused on the overall population and vulnerable groups<sup>8</sup>.

It should also be noted that, despite various Governments establishing and revising poverty targets on a number of occasions over the past decade, none of these have been achieved.

Using the combined poverty and deprivation measures, the 2019 *SILC* data indicates that 5.5 per cent of the population experience consistent poverty; the lowest figure recorded for the rate was 4.2 per cent in 2008 (CSO, 2020). Overall, the 2019 figures suggest that approximately 270,000 people live in consistent poverty. The reality of the Covid-19 pandemic challenges, the likely uneven nature of the subsequent recovery, and the limited sense of urgency to adequately address these issues is pushing Ireland further away from these targets.

The Annex accompanying this chapter also examines the experience of people who are in food poverty and fuel poverty alongside an assessment of the research on minimum incomes standards in Ireland.

### ***Moving to Persistent Poverty***

*Social Justice Ireland* is committed to using the best and most up-to-date data in its ongoing socio-economic analysis of Ireland. We believe that to do so is crucial to the emergence of accurate evidence-based policy formation. It also assists in establishing appropriate and justifiable targeting of state resources.

As part of the EU structure of social indicators, Ireland has agreed to produce an indicator of persistent poverty. This indicator measures the proportion of those living below the poverty line in the current year and for two of the three preceding years. It therefore identifies those who have experienced sustained exposure to poverty which is seen to harm their quality of life seriously and to increase levels of deprivation.

To date the Irish *SILC* survey has not produced any detailed results and breakdowns for this measure. We regret the unavailability of this data and note that there remain some sampling and technical issues impeding its annual publication. However, we note ongoing moves by the CSO to address this issue.

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<sup>8</sup> See also Leahy et al (2012:61).

*Social Justice Ireland* believes that this data should be used as the primary basis for setting poverty targets and monitoring changes in poverty status. Existing measures of relative and consistent poverty should be maintained as secondary indicators. If there are impediments to the annual production of this indicator, they should be addressed and the SILC sample augmented if required. A measure of persistent poverty is long overdue and a crucial missing piece in society's knowledge of households and individuals on low income.

### ***The Cost of Poverty***

Two recent studies have highlighted the costs that poverty imposes on society and on individuals living in poverty.

A report commissioned by the Society of St Vincent DePaul, and authored by Collins, examined *The Hidden Cost of Poverty* by estimating the public service cost of poverty in Ireland (Collins, 2020). It identified the additional public service costs that Irish society carries as a result of current and past experiences of poverty. The main estimate presented by the report found that the annual public service cost of poverty to Ireland is almost €4.5bn. Expressed in per capita terms this finding implies that poverty imposes a public service cost equivalent to a sum of €913 per person in the state each year (€2,600 per household). The report also noted that this additional public sector expenditure is equivalent to 5.1% of total General Government Revenue and 5% of total General Government Expenditure. Put another way, €1 in every €20 collected by the state from taxes, social insurance and charges ends up being allocated by the state to make up for the way that poverty damages people's lives. *Social Justice Ireland* welcomes this report, it provides a heretofore absent benchmark for the recurring annual costs to the state of poverty, and highlights for all members of society, whether they are above or below the poverty line, the costs incurred by society as a result of poverty.

A CSO report published in December 2020 examined *The Intergenerational Transmission of Disadvantages* using data from a module included in the SILC 2019 survey (CSO, 2020). Based on answers from people aged 25-59 about their life situation when they were about 14 years old, the report explored if a person's household circumstances as a teenager are associated with poverty indicators in later life. Among its findings, the report highlighted the intergenerational impacts of lower completed education levels as respondents whose parents had lower secondary education had a 16.2 per cent risk of poverty as adults compared with 6.2 per cent for those who had parents with third level education. The CSO report also found that financial disadvantage in childhood appears to persist to adulthood. People who described the financial situation of their teenage home as bad were most likely to be at risk of poverty (18.2 per cent) or living in enforced deprivation (39 per cent) as adults in 2019.

### ***Poverty: a European perspective***

It is helpful to compare Irish measures of poverty with those elsewhere in Europe. Eurostat, the European Statistics Agency, produces comparable 'at risk of poverty'

figures (proportions of the population living below the poverty line) for each EU member state. The data is calculated using the 60 per cent of median income poverty line in each country. Comparable EU-wide definitions of income and equivalence scale are used<sup>9</sup>. The latest data available for all member states is for the year 2019.

As table 3.11 shows, Irish people experience a below average risk of poverty when compared to all other EU member states. Eurostat's 2008 figures marked the first time Ireland's poverty levels fell below average EU levels. This phenomenon was driven, as outlined earlier in this review, by sustained increases in welfare payments in the years prior to 2008. Ireland's poverty levels have remained below EU-average levels since then. In 2019, across the EU, the highest poverty levels were found in the most recent accession countries and in some of the countries most impacted by the economic crisis one decade ago: Romania, Latvia, Bulgaria, Estonia, Spain, Lithuania, and Italy. The lowest levels were in Slovenia, Slovakia, Finland and the Czechia (formerly the Czech Republic).

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<sup>9</sup> Differences in definitions of income and equivalence scales result in slight differences in the poverty rates reported for Ireland when compared to those reported earlier which have been calculated by the CSO using national definitions of income and the Irish equivalence scale.

**Table 3.11:** The Risk of Poverty in the European Union, 2019

Country	Poverty Risk	Country	Poverty Risk
Romania	23.8	Belgium	14.8
Latvia	22.9	Germany	14.8
Bulgaria	22.6	Cyprus	14.7
Estonia	21.7	France	13.6
Spain	20.7	Austria	13.3
Lithuania	20.6	Netherlands	13.2
Italy	20.1	<b>Ireland</b>	<b>13.1</b>
UK	18.6	Denmark	12.5
Croatia	18.3	Hungary	12.3
Greece	17.9	Slovenia	12.0
Luxembourg	17.5	Slovakia	11.9
Portugal	17.2	Finland	11.6
Malta	17.1	Czechia	10.1
Sweden	17.1		
Poland	15.4	<b>EU-28 average</b>	<b>16.8</b>

Source: Eurostat online database (ilc\_li02).

Note: UK data is for 2018, UK included as it was part of the EU-28 in 2019.

The average risk of poverty in the EU-28 for 2018 was 17.1 per cent. Overall, while there have been some reductions in poverty in recent years across the EU, the data suggests that poverty remains a large and ongoing EU-wide problem. In 2018 the average EU-28 level implied that 86.2 million people live in poverty across the EU.

### *Europe 2020 Strategy – Risk of Poverty or Social Exclusion*

As part of the *Europe 2020 Strategy*, European governments have adopted policies to target these poverty levels and are using as their main benchmark the proportion of the population at risk of poverty or social exclusion. One of the five headline targets for this strategy aims to lift at least 20 million people out of the risk of poverty or exclusion categories by 2020 (using 2008 as the baseline year).

The indicator has been defined by the European Council on the basis of three indicators: the aforementioned ‘at risk of poverty’ rate after social transfers; an index of material deprivation<sup>10</sup>; and the percentage of people living in households with very low work intensity<sup>11</sup>. It is calculated as the sum of persons relative to the national population who are at risk of poverty or severely materially deprived or living in households with very low work intensity, where a person is only counted once even if recorded in more than one indicator<sup>12</sup>.

**Table 3.12:** People at Risk of Poverty or Social Exclusion in Ireland and the EU, 2008-2019

	2008	2012	2016	2019
Ireland % Population	23.7	30.1	24.4	20.6
Ireland 000s people	1,050	1,382	1,160	1,014
EU % Population*	23.7	24.8	23.5	21.4
EU 000s people*	116,070	123,774	118,060	107,535

**Source:** Eurostat online database.

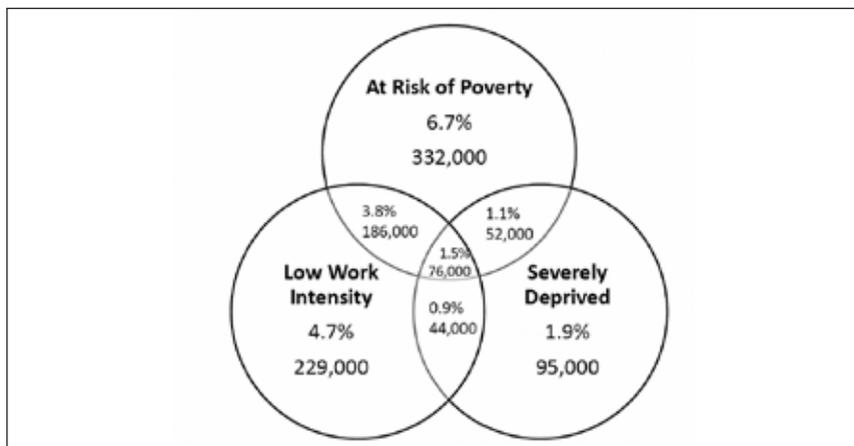
**Note:** \* EU data for 2008 is for the EU-27 (2007-13) and it is against this figure that the *Europe 2020* target is set; all other EU data is for the EU-28 (including Croatia).

<sup>10</sup> Material deprivation covers indicators relating to economic strain and durables. Severely materially deprived persons have living conditions severely constrained by a lack of resources. They experience at least 4 out of 9 listed deprivations items (Eurostat 2012).

<sup>11</sup> People living in households with very low work intensity are those aged 0-59 living in households where the adults (aged 18-59) worked less than 20 per cent of their total work potential during the past year.

<sup>12</sup> See European Commission (2011) for a more detailed explanation of this indicator.

**Chart 3.2:** Population at Risk of Poverty or Social Exclusion, Ireland 2019



Source: Compiled from Eurostat online database (ilc\_pees01).

Table 3.12 summarises the latest data on this indicator for Europe and chart 3.2 summarises the latest Irish data, which is for 2019 – the final 2020 data will be available in later 2021. While *Social Justice Ireland* regrets that the *Europe 2020* process shifted its indicator focus away from an exclusive concentration on the ‘at risk of poverty’ rate, we welcome the added attention at a European level to issues regarding poverty, deprivation and joblessness.

Since 2011 *Social Justice Ireland* has published frequent reports analysing how Ireland is performing as regards the *Europe 2020* goals<sup>13</sup>. What is clear is that the austerity measures and broader policy initiatives which have been pursued in many EU countries will result in the erosion of social services and lead to the further exclusion of people who already find themselves on the margins of society. This is in direct contradiction to the inclusive growth focus of the *Europe 2020 Strategy*. This is reflected in the figures in table 3.12 and they show that to date there has been limited progress towards this benchmark with latest data indicating that just 36,000 people have been removed in Ireland and 8.5m people across the EU. Like the national targets mentioned earlier, this long-standing poverty target will be missed when the final 2020 data is published.

### ***Income Distribution***

As previously outlined, despite improvements, poverty remains a significant problem in Irish society. The purpose of economic development should be to improve the living standards of all of the population. A further loss of social cohesion will mean that large numbers of people continue to experience deprivation and the

<sup>13</sup> See Leahy et al, 2012, *Social Justice Ireland*, 2015, 2017 & 2019.

gap between that cohort and the better-off will widen. This has implications for all of society, not just those who are poor; a reality that has begun to receive welcome attention recently.

Analysis of the annual income and expenditure accounts yields information on trends in the distribution of national income. However, the limitations of this accounting system need to be acknowledged. Measures of income are far from perfect gauges of a society. They ignore many relevant non-market features, such as volunteerism, caring and environmental protection. Many environmental factors, such as the depletion of natural resources, are registered as income but not seen as a cost. Pollution is not registered as a cost but cleaning up after pollution is classed as income. Increased spending on prisons and security, which are a response to crime, are seen as increasing national income but not registered as reducing human wellbeing.

The point is that national accounts fail to include items that cannot easily be assigned a monetary value. But progress cannot be measured by economic growth alone. Many other factors are required, as we highlight elsewhere in this review<sup>14</sup>. However, when judging economic performance and making judgements about how well Ireland is really doing, it is important to look at the distribution of national income as well as its absolute amount<sup>15</sup>.

### **Ireland's income distribution: latest data**

The most recent data on Ireland's income distribution, from the 2019 SILC survey (published in November 2020), is summarised in chart 3.3. It examines the income distribution by household deciles starting with the 10 per cent of households with the lowest income (the bottom decile) up to the 10 per cent of households with the highest income (the top decile).

The data presented is equivalised, meaning that it has been adjusted to reflect the number of adults and children in a household and to make it possible to compare across different household sizes and compositions. It measures disposable income which captures the amount of money available to spend after receipt of any employment/pension income, payment of all income taxes, and receipt of any welfare entitlements.

In 2019, the top 10 per cent of the population received almost one quarter of the total income while the bottom decile received just 4 per cent. Collectively, the poorest 60 per cent of households received a very similar share (39.6 per cent) to the top 20 per cent (38 per cent). Overall the share of the top 10 per cent is almost 6 times the share of the bottom 10 per cent.

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<sup>14</sup> We return to critique National Income statistics in chapter 11. There, we also propose some alternatives.

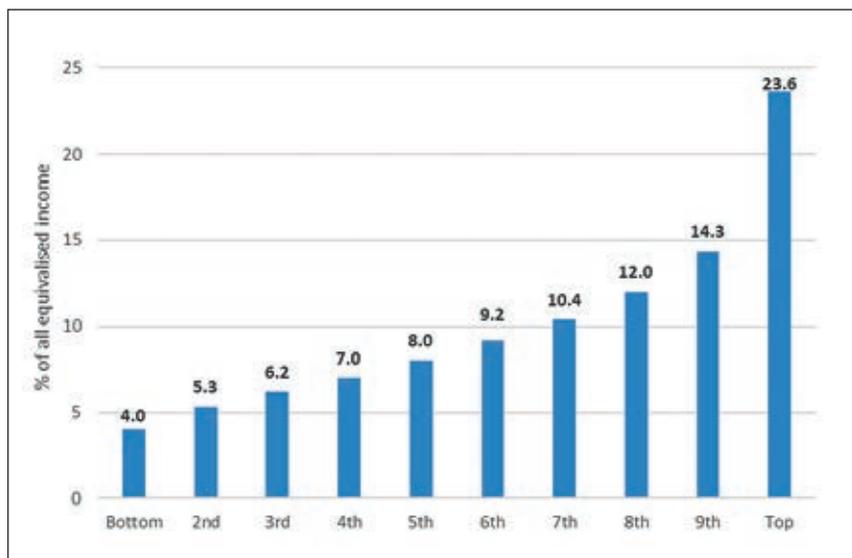
<sup>15</sup> We examine the issue of the world's income and wealth distribution in chapter 13.

A study by Collins (2017) provided a detailed insight into the nature of the underlying market or direct income distribution; that linked to earnings of all types. The research showed that the distribution of market income is concentrated on incomes of less than €50,000 per annum – representing 80 per cent of all earners. Some 15 per cent of all those with a market income, about 290,000 people, receive less than €5,000 (the average direct income for this group is €2,000 and most receive less than €1,000).

A further 50 per cent of those with a market income receive between €5,000 and €35,000. The top 10 per cent of earners have an income of more than €65,000 while the top 5 per cent have an income of more than €85,000; this group approximates to the top 100,000 earners in the state.

A conclusion of the study is that “the shape of that [earnings] distribution, and the prevalence of low income earners within it, points towards a need for greater consideration to be given to the underlying nature and distribution of market earnings” (Collins, 2017).

**Chart 3.3:** Ireland’s Income Distribution by decile (or 10% group) in 2019



Source: CSO SILC (2020).

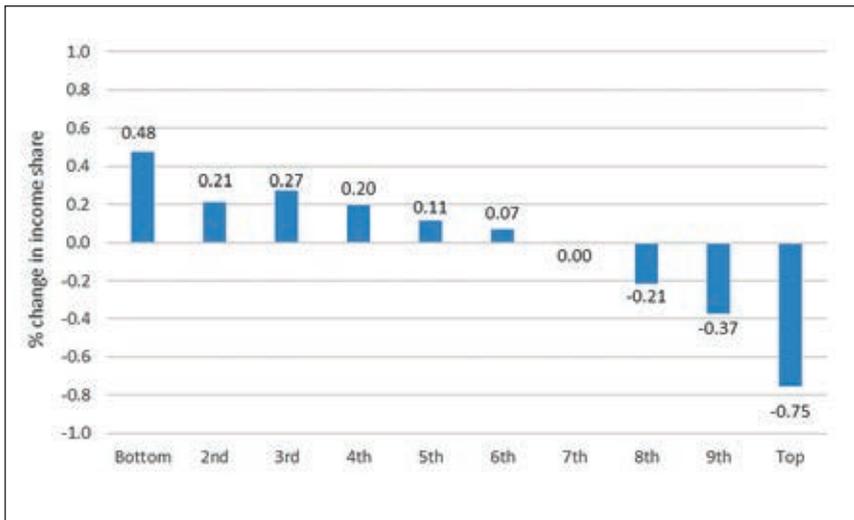
Income distribution data for the last few decades suggested that the overall structure of that distribution has been largely unchanged. One overall inequality measure, the Gini coefficient (which will be examined in further detail later in this

chapter), ranges from 0 (no inequality) to 100 (maximum inequality) and has stood at approximately 30-32 for Ireland for some time. In 2018 it stood at 28.8.

Chart 3.4 compares the change in the income distribution between 2008 and 2019. 2008 represented the year when average incomes in Ireland peaked before the economic crash. Between 2008 and 2011, incomes fell for all, but the impact of the recession and subsequent recovery (2012-19) has been felt in different ways by different people/households.

Over that period, the changes to the income shares received by deciles have been small; between + and - 0.8 per cent. The impact of recent budgetary policy, which has seen welfare and low pay increases, has driven the marginal gains in the share of income flowing to those on the lowest incomes. However, these minor changes are in the context of the underlying income distribution divides outlined earlier. If we as a society wish to address and close these income divides, future Government policy must prioritise those at the bottom of the income distribution. Otherwise, these divides will persist for further generations and perhaps widen.

**Chart 3.4:** Change in Decile Shares of Equivalised Disposable Income, 2008-2019



Source: Calculated from CSO SILC Reports (various years).

### Income distribution: a European perspective

Another of the indicators adopted by the EU at Laeken assesses the income distribution of member states by comparing the ratio of equivalised disposable income received by the bottom quintile (20 per cent) to that of the top quintile. This indicator reveals how far away from each other the shares of these two groups

are – the higher the ratio, the greater the income difference. Table 3.13 presents the most up-to-date results of this indicator for EU states. Ireland’s ratio of 4 is below the EU average. Overall, the greatest differences in the shares of those at the top and bottom of income distribution are found in many of the newer and poorer member states. However, some EU-15 members, including Italy, Spain and the UK also record large differences.

**Table 3.13:** Ratio of Disposable Income Received by Bottom Quintile to That of the Top Quintile in the EU-28, 2019

Country	Ratio	Country	Ratio
Bulgaria	8.1	Sweden	4.3
Romania	7.1	France	4.3
Latvia	6.5	Hungary	4.2
Lithuania	6.4	Malta	4.2
Italy	6.0	Austria	4.2
Spain	5.9	Denmark	4.1
UK	5.6	<b>Ireland</b>	<b>4.0</b>
Luxembourg	5.3	Netherlands	3.9
Portugal	5.2	Finland	3.7
Greece	5.1	Belgium	3.6
Estonia	5.1	Slovenia	3.4
Germany	4.9	Czechia	3.3
Croatia	4.8	Slovakia	3.3
Cyprus	4.6		
Poland	4.4	<b>EU-28 average</b>	<b>5.1</b>

**Source:** Eurostat online database (ilc\_di11).

**Note:** UK data is for 2018, UK included as it was part of the EU-28 in 2019.

A further measure of income inequality is the aforementioned Gini coefficient, which ranges from 0 to 100 and summarises the degree of inequality across the entire income distribution (rather than just at the top and bottom).<sup>16</sup> The higher

<sup>16</sup> See Collins and Kavanagh (2006: 159-160) who provide a more detailed explanation of this measure.

the Gini coefficient score the greater the degree of income inequality in a society. As table 3.14 shows, over time income inequality has been reasonably static in the EU as a whole, although within the EU there are notable differences. Countries such as Ireland cluster around the average EU score and differ from other high-income EU member states which record lower levels of inequality. As the table shows, the degree of inequality is at a notably lower scale in countries like Finland and the Netherlands. For Ireland, the key point is that despite the aforementioned role of the social transfer system, the underlying degree of direct income inequality (see earlier) dictates that our income distribution remains much more unequal than in many of the EU countries we wish to emulate in terms of economic and social development.

**Table 3.14:** Gini Coefficient Measure of Income Inequality for Selected EU States, 2005-2019

	2005	2008	2012	2016	2019
EU-27/28	30.6	31.0	30.5	30.8	30.7
Ireland	31.9	29.9	30.4	29.6	28.3
UK	34.6	33.9	31.3	31.5	n/a
France	27.7	29.8	30.5	29.3	29.2
Germany	26.1	30.2	28.3	29.5	29.7
Sweden	23.4	25.1	26.0	27.6	27.6
Finland	26.0	26.3	25.9	25.4	26.2
Netherlands	26.9	27.6	25.4	26.9	26.8

Source: Eurostat online database (ilc\_di12).

**Notes:** The Gini coefficient ranges from 0-100 with a higher score indicating a higher level of inequality. EU data for 2005-2009 is for the EU-27, 2010 onwards data are for the EU-28 (including Croatia).

### Income Distribution and Recent Budgets

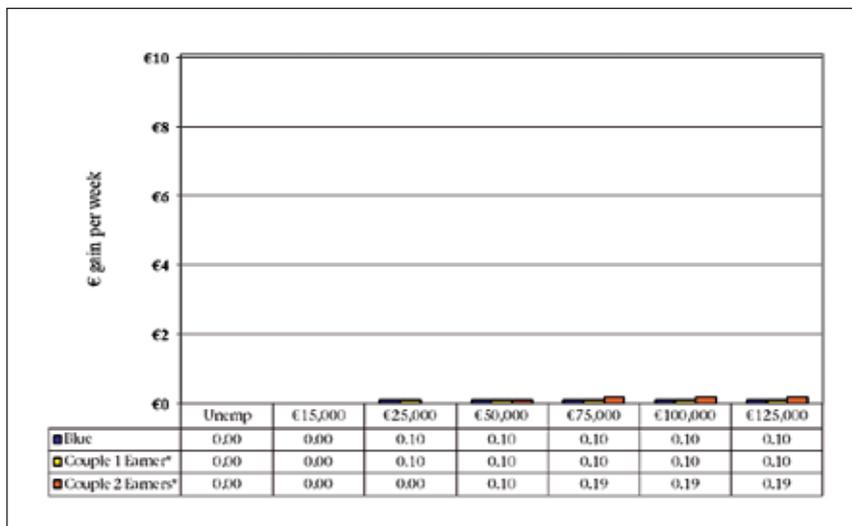
Budget 2021, delivered in October 2020, marked the first Budget of the current Government and was delivered in the context of Covid-19 and Brexit uncertainty. It was a Budget that *Social Justice Ireland* described as failing by 'leaving the poorest behind'. In this subsection, we first review the distributive impact of Budget 2021 before presenting the results of our analysis of the cumulative impact changes to income taxation and welfare over five Budgets since 2017.

### Impact of Budget 2021

When assessing the change in people’s incomes following any Budget, it is important that tax changes be included as well as changes to basic social welfare payments. In our calculations, we have not included any changes to other welfare allowances and secondary benefits as these payments do not flow to all households. Similarly, we have not included changes to other taxes (including indirect taxes and property taxes) as these are also experienced differently by different household types. Wage increases, including those for the statutory minimum wage, are also excluded as the nature and value of these changes will differ across earners.

Chart 3.5 demonstrates that there is little change arising from Budget 2021 for the various household groupings we track annually. The Budget did not deliver any welfare or income taxation measures of significance, meaning that almost all household did not benefit from any additional resources as a result of its actions. This includes no increase in the weekly rate of jobseekers benefit. The lack of any welfare increases in Budget 2021 was regrettable. Over 2021, as wages rise for some, the growing numbers dependent on welfare will slip further behind. Inevitably, the recent progress on poverty and inequality will be somewhat reversed.

**Chart 3.5:** Impact of Income Tax and Welfare Payment Changes from Budget 2021



**Source:** Social Justice Ireland (2020:6).

**Notes:** \* Except in case of the unemployed where there is no earner. Unemployed aged 26 years and over. All other earners have PAYE income. Couple with 2 earners are assumed to have a 65%/35% income division.

### ***Impact of Tax and Benefit Changes on Families, 2017-2021***

Over the past few years *Social Justice Ireland* has developed its ability to track the distributive impact of annual Budgets on households across Irish society. Our analysis tracks changes from year to year (pre and post each Budget) and across a number of recent years<sup>17</sup>.

Following Budget 2021, we assessed the cumulative impact of changes to taxation and welfare over the five Budgets delivered by the last Government (Budgets 2017, 2018, 2019 and 2020) and the first by the current (Budget 2021). As different policy priorities can be articulated for each Budget, it is useful to bring together the cumulative effect of policy changes on various household types.

The households we examine are spread across all areas of society and capture those with a job, families with children, those unemployed and pensioner households. Within those households that have income from a job, we include workers on the minimum wage, on the living wage, workers on average earnings and multiples of this benchmark, and families with incomes ranging from €25,000 to €200,000.

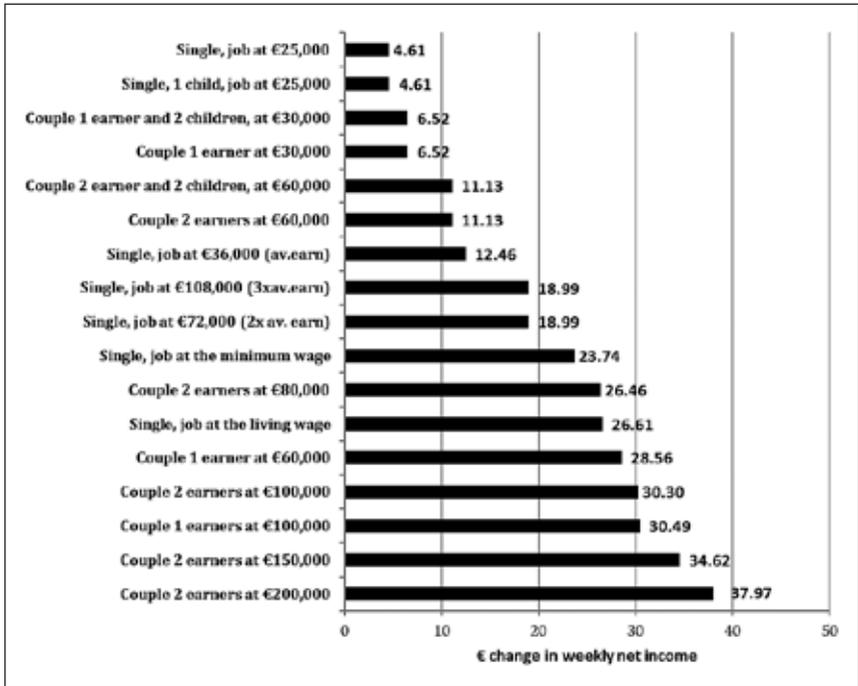
In the case of working households, the analysis is focused on PAYE earners only and therefore does not capture the changes in recent Budgets that were targeted at the self-employed.

At the outset it is important to stress that our analysis does not take account of other budgetary changes, most particularly to indirect taxes (VAT and excises), other charges (such as prescription charges) and property taxes. Similarly, it does not capture the impact of changes to the provision of public services or the many emergency measures that have been introduced to respond to the Covid-19 emergency. As the impact of these measures differs between households it is impossible to quantify precise household impacts and include them here.

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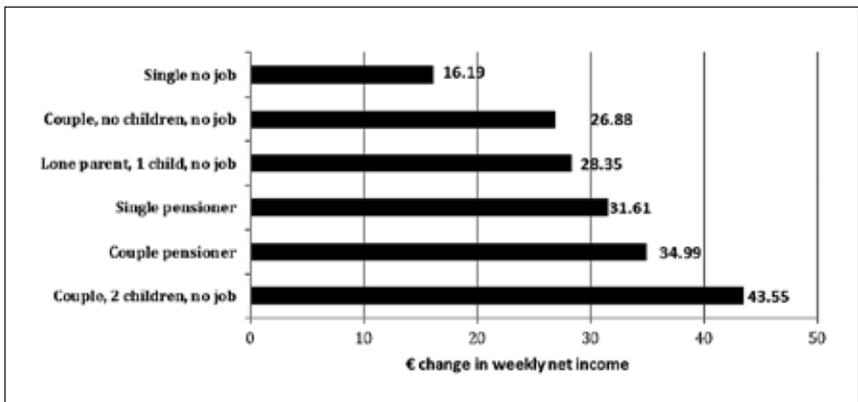
<sup>17</sup> A document on our website entitled '*Tracking the Distributive Effects of Budget 2021*' provides a more detailed overview of the approach taken by *Social Justice Ireland* to generate these results.

**Chart 3.6:** Cumulative Impact on Households with Jobs, 2017-2021



Source: *Social Justice Ireland* Income Distribution Model.

**Chart 3.7:** Cumulative Impact on Welfare Dependent Households, 2017-2021



Source: *Social Justice Ireland* Income Distribution Model.

Over the years examined (2017-2021) all household types record an increase in disposable income. Among households with jobs (see Chart 3.6), the gains experienced range from €4.61 per week (for single workers on €25,000) to over eight times as much, €37.97 per week, for a couple with 2 earners on €200,000. Overall, across these households the main gains have flowed to those on the highest incomes.

Among households dependent on welfare, the gains have ranged from €16.19 per week (for single unemployed individuals) to €43.55 per week (for unemployed couples with two children) - see Chart 3.7. The gains experienced by welfare dependent households explain much of the reasons why the levels of income inequality and poverty have fallen in recent years. *Social Justice Ireland* has consistently argued for the prioritisation of low income welfare dependent families in Budgetary policy and welcome these outcomes. However, we are concerned that recent Budgets have shifted away from this approach and regrettably expect that much of this recent progress will be reversed.

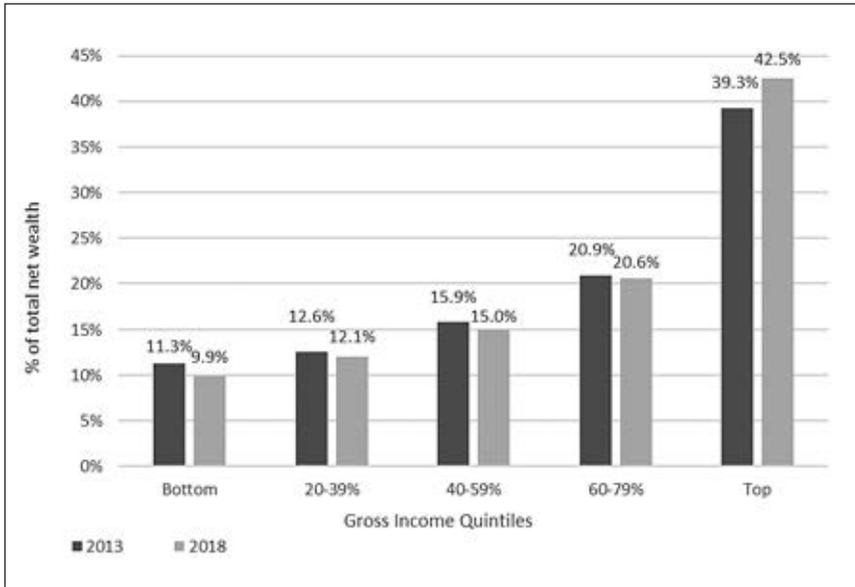
### **Ireland's Wealth Distribution**

While data on income and poverty levels has improved dramatically over the past two decades, a persistent gap has been our knowledge of levels of wealth in Irish society. Data on wealth is important, as it provides a further insight into the distribution of resources and an insight into some of the underlying structural components of inequality.

A welcome development was the publication by the CSO in early 2015 of the first Household Finance and Consumption Survey (HFCS). The HFCS is part of a European initiative to improve countries knowledge of the socio-economic and financial situations of households across the EU. For the first time, its results offer robust information on the types and levels of wealth that households in Ireland possess. The data was collected for 2013 across 5,545 households and was followed by a second survey completed with 4,793 households in 2018.

The CSO's net wealth measure includes the value of all assets (housing, land, investments, valuables, savings and private pensions) and removes any borrowings (mortgages, loans, credit card debt etc) to give the most informative picture of households' wealth. Table 3.15 and Chart 3.8 outline the key results for 2013 and 2018. The median (middle) household net wealth in Ireland in 2018 was €178,400, 74 per cent higher than the equivalent figure from 2013. The CSO suggest this is associated with an increase in house prices over the period, as most Irish household wealth is concentrated in property and in particular housing. Housing assets also explain the presence of wealth holdings right across the income distribution although wealth is dramatically concentrated in the top quintile (twenty per cent group). The Gini coefficient for net wealth in 2018 was 67, more than twice the level recorded for income inequality.

**Chart 3.8:** Distribution of Net Wealth by Gross Income Quintile, 2013 and 2018



Source: Compiled from CSO HFCS online database

An earlier study by TASC using the 2013 data provided a further insight into the structure of wealth in Ireland (Staunton, 2015). It found a more dramatic concentration of wealth at the top of the distribution when households were ranked by wealth (from those with the lowest net wealth to those with the highest). It reported that the bottom 30 per cent of the distribution had either no wealth or were in negative wealth (more debts than assets). At the top, the top 10 per cent held 54 per cent of all the wealth in Ireland in 2013. Within the top decile the TASC study found further divides with the top 5 per cent possessing 38 per cent of the wealth and within this, the top one per cent holding almost 15 per cent.

**Table 3.15:** Net Wealth in Ireland by Income Quintile, 2013 and 2018

<i>Household median net wealth (€)</i>			
<b>Income Quintile</b>	<b>2013</b>	<b>2018</b>	<b>Change</b>
Bottom	77,300	95,400	+18,100
20-39%	58,100	129,700	+71,600
40-59%	85,400	126,800	+41,400
60-79%	112,300	214,600	+102,300
Top	207,000	412,100	+205,100
<b>All Households</b>	<b>102,600</b>	<b>178,400</b>	<b>+75,800</b>

The composition and distribution of wealth points towards policy issues to be considered, concerning inheritance taxes (capital acquisitions tax), gift taxes and capital gains taxes – some of which are addressed in the next chapter. The arrival of this new data also allows, for the first time, an opportunity for informed consideration of policy options around wealth, as well as income inequality. As further analysis of this data, and new editions emerge, *Social Justice Ireland* looks forward to contributing to that debate.

## 3.2 Key Policies and Reforms

### Paying a Living Wage

During the past few years *Social Justice Ireland* and a number of other organisations came together to form a technical group which researched and developed a Living Wage for Ireland. In July 2014 the group launched a website ([www.livingwage.ie](http://www.livingwage.ie)) and a technical paper outlining how the concept is calculated. The latest update to the figure was published in September 2020 and reported a Living Wage rate of €12.30 per hour.

#### *What is a Living Wage?*

The establishment of a Living Wage Rate for Ireland adds to a growing international set of similar figures which reflect a belief across societies that individuals working full-time should be able to earn enough income to enjoy a decent standard of living. The Living Wage is a wage which makes possible a minimum acceptable standard of living. Its calculation is evidence based and built on budget standards research which is grounded in social consensus. The figure is:

- based on the concept that work should provide an adequate income to enable individuals to afford a socially acceptable standard of living;

- the average gross salary which will enable full-time employed adults (without dependents) across Ireland to afford a socially acceptable standard of living;
- a living wage which provides for needs not wants;
- an evidence based rate of pay which is grounded in social consensus and is derived from Consensual Budget Standards research which establishes the cost of a Minimum Essential Standard of Living in Ireland;
- unlike the National Minimum Wage, which is not based on the cost of living.

In principle, a living wage is intended to establish an hourly wage rate that should provide employees with sufficient income to achieve an agreed acceptable minimum standard of living. In that sense it is an income floor, representing a figure which allows employees to afford the essentials of life. Earnings below the living wage suggest employees are forced to do without certain essentials so they can make ends meet.

### *How is the Living Wage Calculated?*

The Living Wage for Ireland is calculated on the basis of the Minimum Essential Standard of Living research in Ireland, conducted by the Vincentian Partnership for Social Justice (VPSJ). This research establishes a consensus on what members of the public believe is a minimum standard that no individual or household should live below.

The Living Wage Technical Group decided to focus the calculation of a Living Wage for the Republic of Ireland on a single-adult household. In its examination of the methodological options for calculating a robust annual measure, the group concluded that a focus on a single-adult household was the most practical approach. However, in recognition of the fact that households with children experience additional costs which are relevant to any consideration of such households standards of living, the group has also published estimates of a Family Living Income each year<sup>18</sup>.

The calculations established a Living Wage for the country as a whole, with costs examined in four regions: Dublin, other Cities, Towns with a population above 5,000, and the rest of Ireland. The expenditure required varied across these regions and, reflecting this, so too did the annual gross income required to meet this expenditure. To produce a single national rate, the results of the gross income calculation for the four regions were averaged; with each regional rate being weighted in proportion to the population in the labour force in that region. The weighted annual gross income is then divided by the number of weeks in the year (52.14) and the number of working hours in the week (39) to give an hourly wage.

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<sup>18</sup> See Living Wage Technical Group (2020:4).

Where necessary, this figure is rounded up or down to the nearest five cent<sup>19</sup>. The Technical Group plans to update this number on an annual basis.

### ***The Merits of a Living Wage***

*Social Justice Ireland* believes that concepts such as the Living Wage have an important role to play in addressing the persistent income inequality and poverty levels outlined earlier in this chapter. As shown in tables 3.4 to 3.6, there are many adults living in poverty despite having a job – the working poor. Improvements in the low pay rates received by many employees offers an important method by which levels of poverty and exclusion can be reduced. Paying low paid employees a Living Wage offers the prospect of significantly benefiting the living standards of these employees and we hope to see this new benchmark adopted across many sectors of society in the years to come.

### ***Maintaining an Adequate Level of Social Welfare***

Budget 2021 failed to deliver an increase to the minimum social welfare payment. *Social Justice Ireland* regrets this decision. As outlined earlier, a lesson from past experiences of economic recovery and growth is that the weakest in our society get left behind unless welfare increases keep track with increases elsewhere in the economy. Benchmarking minimum rates of social welfare payments to movements in average earnings is therefore an important policy priority.

Just over a decade ago Budget 2007 benchmarked the minimum social welfare rate at 30 per cent of Gross Average Industrial Earnings (GAIE). This was a key achievement and one that we correctly predicted would lead to reductions in poverty rates, complementing those already achieved and detailed earlier<sup>20</sup>. Since then the CSO discontinued its *Industrial Earnings and Hours Worked* dataset and replaced it with a more comprehensive set of income statistics for a broader set of Irish employment sectors. A subsequent report for *Social Justice Ireland* found that 30 per cent of GAIE is equivalent to 27.5 per cent of the new average earnings data being collected by the CSO (Collins, 2011). A figure of 27.5 per cent of average earnings is therefore the appropriate benchmark for minimum social welfare payments and reflects a continuation of the previous benchmark using the current CSO earnings dataset.

Table 3.16 applies this benchmark using CSO data for 2019 and 2020. In normal years the data is updated using ESRI projections for wage growth but, given current uncertainties, they have not published any such projections for 2021; therefore we have conservatively assumed a 0 per cent change for 2021. Based on these calculations, in 2021 the updated value of 27.5 per cent of average weekly earnings equals €222.08 implying a shortfall of €19 between the minimum social welfare rates being paid in 2021 (€203) and this threshold.

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<sup>19</sup> A more detailed account of the methodology used to calculate the Living Wage has been published by the Living Wage Technical Group and is available at [www.livingwage.ie](http://www.livingwage.ie)

<sup>20</sup> Annex 3 outlines how this significant development occurred.

Given the importance of this benchmark to the living standards of many in Irish society, and its relevance to anti-poverty commitments, the current deficit highlights a need for the Government, and Budget 2022, to further increase minimum social welfare rates and commit to converging on a benchmark equivalent to 27.5 per cent of average weekly earnings. We will develop this proposal further in our pre-Budget submission, *Budget Choices*, in mid-2021.

**Table 3.16:** Benchmarking Social Welfare Payments for 2021 (€)

Year	Average Weekly Earnings	27.5% of Average Weekly Earnings
2019*	774.68	213.04
2020**	807.57	222.08
2021**	807.57	222.08

Notes: \* actual data from CSO average earnings.

\*\* simulated value based on CSO data/trends and an assumed 0% growth rate in 2021.

### *Individualising social welfare payments*

The issue of individualising payments so that all recipients receive their own social welfare payments has been on the policy agenda in Ireland and across the EU for several years. *Social Justice Ireland* welcomed the report of the Working Group, *Examining the Treatment of Married, Cohabiting and One-Parent Families under the Tax and Social Welfare Codes*, which addressed some of these individualisation issues.

At present the welfare system provides a basic payment for a claimant, whether that be, for example, for a pension, a disability payment or a jobseeker's payment. It then adds an additional payment of about two-thirds of the basic payment for the second person. For example, following Budget 2021, a couple on the lowest social welfare rate receives a payment of €337.70 per week. This amount is approximately 1.66 times the payment for a single person (€203). Were these two people living separately they would receive €203 each; giving a total of €406. Thus by living as a household unit such a couple receive a lower income than they would were they to live apart.

*Social Justice Ireland* believes that this system is unfair and inequitable. We also believe that the system as currently structured is not compatible with the Equal Status Acts. People, more often than not women, are disadvantaged by living as part of a household unit because they receive a lower income. We believe that where a couple is in receipt of welfare payments, the payment to the second person should be increased to equal that of the first. Such a change would remove the current inequity and bring the current social welfare system in line with the terms of the Equal Status Acts (2000-2015). An effective way of doing this would be to introduce a basic income system (see next subsection) which is far more appropriate for the society and economy of the 21<sup>st</sup> century.

## ***Introducing a Basic Income***

Over the past two decades major progress has been achieved in building the case for the introduction of a Basic Income in Ireland. This includes the publication of a *Green Paper on Basic Income* by the Government in September 2002 and the publication of a book by Clark entitled *The Basic Income Guarantee* (2002). A major international conference on Basic Income was held in Dublin during Summer 2008 at which more than 70 papers from 30 countries were presented. More recently, *Social Justice Ireland* hosted a conference and published a book on Basic Income (*Basic Income: Radical Utopia or Practical Solution?*), new European and Irish Basic Income networks have emerged, and the concept of a Basic Income has moved to become one commonly discussed and considered in public policy contexts<sup>21</sup>. *Social Justice Ireland* welcomes the commitment in the current *Programme for Government-Our Shared Future* (2020) to the adoption of a Universal Basic Income pilot during the lifetime of the current Government and we look forward to engaging with Government on the design, implementation and evaluation of that initiative. Recent results from the European Social Survey suggest that 58 per cent of the Irish population are in favour of the introduction of a Basic Income.

## ***The case for a Basic Income***

*Social Justice Ireland* has consistently argued that the present tax and social welfare systems should be integrated and reformed to make them more appropriate to the changing world of the 21<sup>st</sup> century. To this end we have sought the introduction of a Basic Income system. This proposal is especially relevant at the present moment of economic upheaval.

A Basic Income is an income that is unconditionally granted to every person on an individual basis, without any means test or work requirement. In a Basic Income system every person receives a weekly tax-free payment from the Exchequer while all other personal income is taxed, usually at a single rate. The basic-income payment would replace income from social welfare for a person who is unemployed and replace tax credits for a person who is employed.

Basic income is a form of minimum income guarantee that avoids many of the negative side-effects inherent in social welfare payments. A Basic Income differs from other forms of income support in that:

- It is paid to individuals rather than households;
- It is paid irrespective of any income from other sources;
- It is paid without conditions; it does not require the performance of any work or the willingness to accept a job if offered one; and
- It is tax free.

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<sup>21</sup> These networks are the European Citizens' Initiative for Unconditional Basic Income and Basic Income Ireland.

There is real danger that the plight of large numbers of people excluded from the benefits of the modern economy will be ignored. Images of rising tides lifting all boats are often offered as government's policy makers and commentators assure society that prosperity for all is just around the corner. Likewise, the claim is often made that a job is the best poverty fighter and consequently priority must be given to securing a paid job for everyone. These images and claims are no substitute for concrete policies to ensure that all members of society are included. Twenty-first century society needs a radical approach to ensure the inclusion of all people in the benefits of present economic growth and development. Basic Income is such an approach.

As we are proposing it, a Basic Income system would replace most social welfare payments and income tax credits. It could be set at a level that would guarantee an income above the poverty line for everyone. It would not be means-tested. There would be no 'signing on' and no restrictions or conditions. In practice, a Basic Income recognises the right of every person to a share of the resources of society.

The Basic Income system ensures that looking for a paid job and earning an income, or increasing one's income while in employment, is always worth pursuing, because for every euro earned the person will retain a large part, while they retain their Basic Income payment. It thus removes poverty traps and unemployment traps in the present system. Furthermore, women and men would receive equal payments in a Basic Income system. Consequently, the Basic Income system promotes gender equality because it treats every person equally.

It is a system that is altogether more secure, rewarding, simple and transparent than the present tax and welfare systems. It is far more employment-friendly than the present system. It also respects other forms of work besides paid employment. This is crucial in a world where these benefits need to be recognised and respected. It is also very important in a world where paid employment cannot be permanently guaranteed for everyone seeking it. There is growing pressure and need in Irish society to ensure recognition and monetary reward for unpaid work. Basic income is a transparent, efficient and affordable mechanism for ensuring such recognition and reward.

Basic income also lifts people out of poverty and the dependency mode of survival. In doing this, it restores self-esteem and broadens horizons. Poor people, however, are not the only ones who should welcome a Basic Income system. Employers, for example, should welcome it because its introduction would mean they would not be in competition with the social welfare system. Since employees would not lose their Basic Income when taking a job, there would always be an incentive to take up employment. Healy and Reynolds (2016: 22-26) address, and refute, a number of other objections raised against the Basic Income proposal.

### *Costing a Basic Income*

During 2016 Murphy and Ward presented an estimate for the cost of a Basic Income for Ireland. Using administrative data from the Census, social protection system and taxation system, the paper estimated a cost where payments were structured as follows: children = €31.05 per week; adults of working age = €150.00 per week; older people aged 66-79 = €230.30 per week; and older people aged 80+ = €240.30 per week). The paper estimated a total cost of €31.3 billion per annum for a Basic Income and outlined a requirement to collect a total of €41.3 billion in revenue (tax and social insurance) to fund a Basic Income plus the retention of other existing targeted welfare supports. It was noted that the necessary revenue could be raised via a flat 40 per cent personal income tax<sup>22</sup> and a increase in employers PRSI contributions, from 10.75 per cent to 13.5 per cent. Under such a system, no individual would actually have an effective tax rate of 40 per cent, as they would always receive their full Basic Income and it would always be tax-free. For example, a single earner on €60,000 would face a net tax rate (after receiving their Basic Income payment) of 27 per cent (Murphy and Ward, 2016: 132).

Overall, the paper offers an affordable and sustainable structure for implementing a Basic Income system in Ireland.

### *Arguing for a Basic Income*

For many decades, the European social model has been offering its citizens a future that it has obviously failed to deliver. Despite strong rhetoric to the contrary, economic issues, targets and outcomes are constantly prioritised over social issues. As a result, poverty, unemployment and social exclusion have been growing. It is time to recognise that current policy approaches are not working and that an alternative is required.

A Basic Income system has the capacity to be the cornerstone of a new paradigm that would be simple and clear, that would support people, families and communities, that would have the capacity to adapt to rapid technological change in a fair manner, that would enable all people to develop their creativity, and do all of this in a sustainable manner.

The introduction of a Basic Income system would be a radical step towards a desirable future where nobody would be excluded. It would also provide a practical solution to several of the major challenges faced by our societies today if they wish to ensure that every man, woman and child has sufficient income to live life with dignity, has access to meaningful work, and can genuinely participate in shaping the world around them and the decisions that impact on them.

The following are ten reasons to introduce a Basic Income:

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<sup>22</sup> This was for illustrative purposes. The authors believe the money could, and should, be raised in a more progressive manner.

- It is work and employment friendly.
- It eliminates poverty traps and unemployment traps.
- It promotes equity and ensures that everyone receives at least the poverty threshold level of income.
- It spreads the burden of taxation more equitably.
- It treats men and women equally.
- It is simple and transparent.
- It is efficient in labour-market terms.
- It rewards types of work in the social economy that the market economy often ignores, e.g. home duties, caring, etc.
- It facilitates further education and training in the labour force.
- It faces up to the changes in the global economy.

### 3.3 Key Policy Priorities

*Social Justice Ireland* believes that the following policy positions should be adopted in responding to the poverty, inequality and income distribution challenges highlighted throughout this chapter.

If poverty rates are to fall in the years ahead, *Social Justice Ireland* believes that the following are required:

- increase in social welfare payments.
- equity of social welfare rates.
- adequate payments for children.
- refundable tax credits.
- decent rates of pay for low paid workers.
- a universal state pension.
- a cost of disability payment.

*Social Justice Ireland* believes that in the period ahead Government and policy makers generally should:

- Acknowledge that Ireland has an on-going poverty problem.
- Adopt targets aimed at reducing poverty among particular vulnerable groups such as children, lone parents, jobless households, and those in social rented housing.

- Examine and support viable alternative policy options aimed at giving priority to protecting vulnerable sectors of society.
- Carry out in-depth social impact assessments prior to implementing proposed policy initiatives that impact on the income and public services that many low income households depend on. This should include the poverty-proofing of all public policy initiatives.
- Recognise the problem of the ‘working poor’. Make tax credits refundable to help address the situation of households in poverty which are headed by a person with a job.
- Support the widespread adoption of the Living Wage so that low paid workers receive an adequate income and can afford a minimum, but decent, standard of living.
- Introduce a cost of disability allowance to address the poverty and social exclusion of people with a disability.
- Recognise the reality of poverty among migrants and adopt policies to assist this group. In addressing this issue also replace direct provision with a fairer system that ensures adequate allowances are paid to asylum seekers.
- Accept that persistent poverty should be used as the primary indicator of poverty measurement and assist the CSO in allocating sufficient resources to collect this data.
- Move towards introducing a Basic Income system. No other approach has the capacity to ensure all members of society have sufficient income to live life with dignity.

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### **Online databases**

CSO online database, web address: <http://www.cso.ie/en/databases/>

Eurostat online database, web address: <http://ec.europa.eu/eurostat>

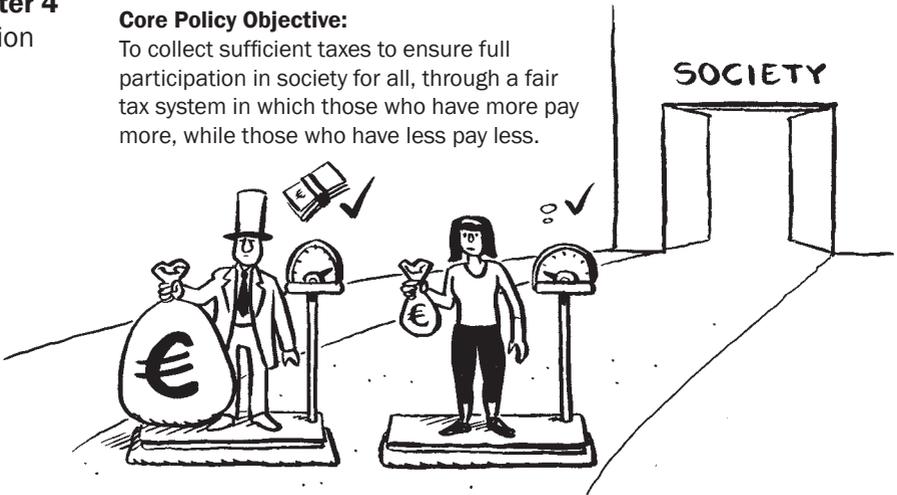
## Chapter four

# Chapter 4

## Taxation

### Core Policy Objective:

To collect sufficient taxes to ensure full participation in society for all, through a fair tax system in which those who have more pay more, while those who have less pay less.



### Key Issues/Evidence



Ireland needs to broaden its tax base and increase its overall tax take.

Decisions to raise or reduce overall taxation revenue should be linked to demands on resources now and into the future including:

**funding local government**



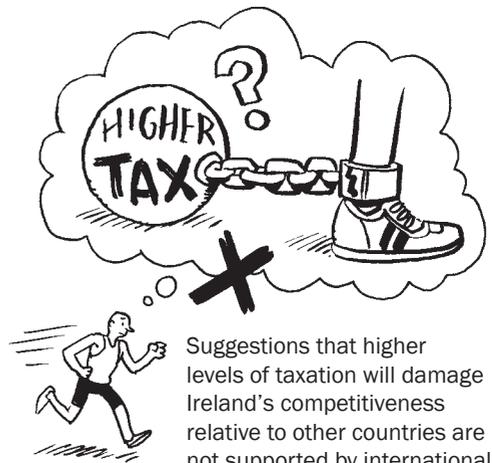
**repairing and modernising our water infrastructure**



**paying for the health and pension needs of an ageing population**

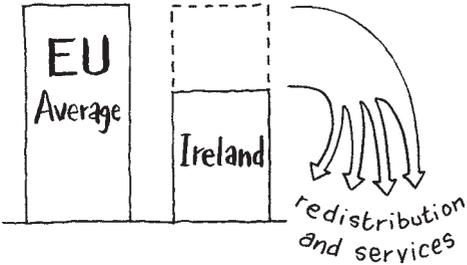


**paying EU contributions and funding any pollution reducing environmental initiatives**



Suggestions that higher levels of taxation will damage Ireland's competitiveness relative to other countries are not supported by international studies of competitiveness.

## Policy Solutions

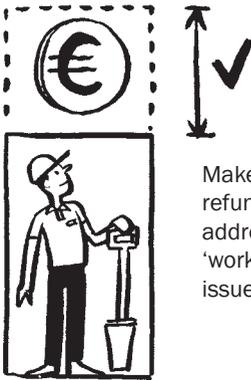


Poverty proof budget tax changes to ensure they do not widen rich poor gap.

Move towards increasing the total tax-take so that sufficient revenue is collected to provide redistribution and public services at European-average levels.



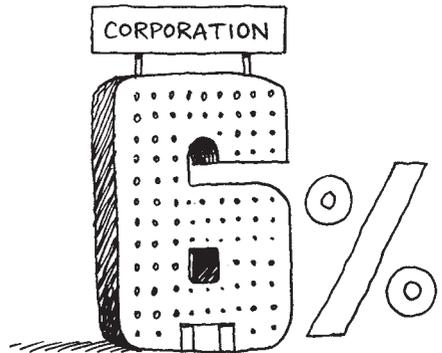
Adopt policies which further shift the burden of taxation from income tax to eco-taxes on the consumption of fuel and fertilisers, waste taxes and a site value tax.



Make tax credits refundable to address the 'working poor' issue.



Include the cost of tax expenditures in the budget process.



Ensure that corporations based in Ireland pay a minimum effective corporate tax rate of 6 per cent.

## 4.

## TAXATION

**Core Policy Objective: TAXATION**

To collect sufficient taxes to ensure full participation in society for all, through a fair tax system in which those who have more pay more, while those who have less pay less.

The experience of the last decade has highlighted the centrality of taxation in budget deliberations and to policy development at both macro and micro level. Taxation plays a key role in shaping Irish society through funding public services, supporting economic activity and redistributing resources to enhance the fairness of society. Consequently, it is crucial that clarity exist with regard to both the objectives and instruments aimed at achieving these goals. To ensure the creation of a fairer and more equitable tax system, policy development in this area should adhere to our core policy objective outlined above. In that regard, *Social Justice Ireland* is committed to increasing the level of detailed analysis and debate addressing this area.<sup>1</sup>

This chapter addresses the issue of taxation in three parts. The first (section 4.1) examines key evidence relating to Ireland's present taxation position and outlines the anticipated future taxation needs of the country. Subsequently section 4.2 considers the key policy reforms that we believe should be pursued including approaches to reforming and broadening the tax base and proposals for building a fairer tax system. The chapter concludes (section 4.3) by summarising our key policy priorities in this area.

If the challenges and needed reforms we address in this chapter are to be effectively addressed, *Social Justice Ireland* believes that Government's key policy priorities in this area should be to:

- increase the overall tax-take;
- adopt policies to broaden the tax base; and

<sup>1</sup> We present our analysis in this chapter and in the accompanying Annex 4.

- develop a fairer taxation system.<sup>2</sup>

## 4.1 Key Evidence

### Assessing the Adequacy of Ireland's Total Tax-Take

The need for a wider tax base is a lesson painfully learnt by Ireland during the last economic crisis. A disastrous combination of a naïve housing policy, a failed regulatory system, and foolish fiscal policy and economic planning caused a collapse in exchequer revenues. It is only through a strategic and determined effort to reform Ireland's taxation system that these mistakes can be avoided in the future. The narrowness of the Irish tax base resulted in almost 25 per cent of tax revenues disappearing, plunging the exchequer and the country into a series of fiscal policy crises. As shown in Table 4.1, tax revenues collapsed from over €63bn in 2007 to a low of €47.4bn in 2010; it has since increased exceeding 2007 levels in 2016 and reaching just over €80bn in 2019. This recovery, while both significant and remarkable, has also been fuelled by short-term windfall revenue from some multi-national companies

**Table 4.1:** The Changing Nature of Ireland's Tax Revenue (€m).

	2007	2008	2010	2015	2019
Direct Taxes	26,087	22,964	19,569	27,863	36,627
Indirect Taxes	25,854	22,557	18,076	22,486	27,467
Capital Taxes	432	368	245	401	531
Social Contributions	10,723	11,010	9,511	12,322	15,847
<b>Total Taxation</b>	<b>63,096</b>	<b>56,899</b>	<b>47,401</b>	<b>63,071</b>	<b>80,471</b>
% GDP	32.0%	30.3%	28.3%	24.0%	22.6%
% GNP	37.3%	35.4%	34.0%	31.4%	29.3%
% GNI	37.0%	35.0%	33.7%	31.2%	29.2%
% GNI*	38.1%	36.3%	36.8%	38.8%	37.7%
% GNDI	37.6%	35.6%	34.4%	31.7%	29.6%

**Source:** CSO online database (GFA03 and N1703) and CSO Gov. Finance Statistics (2019).

**Note:** Total taxation expressed as a percentage of published CSO national income figures at current prices. GDNI is Gross National Disposable Income and represents the total income available to the nation for either consumption or saving.

<sup>2</sup> Much greater detail on each of these and related areas is provided later in this chapter.

### ***Future taxation needs***

Government decisions to raise or reduce overall taxation revenue needs to be linked to the demands on its resources. These demands depend on what Government is required to address or decides to pursue. The effects of the economic crisis a decade ago, and the way it was handled, also carry significant implications for our future taxation needs. The rapid increase in our national debt, driven by the need to borrow both to replace disappearing taxation revenues and to fund emergency 'investments' in the failing commercial banks, has increased the on-going annual costs associated with servicing the national debt. Similarly, the need for the state to rescue or support so many aspects of our economy and society during the Covid-19 pandemic has triggered large scale borrowing and future liabilities to both service and repay this debt.

Ireland's national debt increased from a level of 24 per cent of GDP in 2007 - low by international standards - to peak at 119.9 per cent of GDP in 2013. Documents from the Department of Finance, to accompany Budget 2021, indicate that debt levels fell to 57 per cent of GDP (€204 billion) in 2019 but will rise to at least 66.6 per cent of GDP (€240 billion) during 2021. The unpredictable nature of the pandemic, and the likely challenging recovery from it, suggest that the national debt may climb further in the immediate years ahead. The large revision in GDP for 2015 has had a significant effect on this debt indicator. Despite favourable lending rates and payback terms, there remains a recurring cost to service this debt – costs which have to be financed by current taxation revenues. The estimated debt servicing cost for 2021 is €4.5bn (Department of Finance, 2020a: 56).

These new future taxation needs are in addition to those that already exist for funding local government, repairing and modernising our water infrastructure, paying for the health and pension needs of an ageing population, paying EU contributions and funding any pollution reducing environmental initiatives that are required by European and International agreements. Collectively, they mean that Ireland's overall level of taxation will have to rise significantly in the years to come – a reality Irish society and the political system need to begin to seriously address.

As an organisation that has highlighted the obvious implications of these long-term trends for some time, *Social Justice Ireland* welcomes the development over the past few years where the Government has published a section of the *April Stability Programme Update* (SPU) focused on the long-term sustainability of public finances.

Research by Bennett et al (2003), the OECD (2008) and the ESRI (2010) have all provided some insight into future exchequer demands associated with healthcare and pensions in Ireland in the decades to come. The Department of Finance has used the European Commission *2018 Ageing Report* as the basis for its assumptions from 2020-2070 which are summarised in table 4.2. Over the period the report anticipates an increase in the older population (65 years +) from approximately 712,000 people in 2020 to 1.2m in 2040 and to a peak of 1.49m in 2060. Over the

same period, the proportion of those of working age will decline as a percentage of the population and the old-age dependency ratio will increase from almost five people of working age for every older person today to less than three for every older person from 2040 onwards (Department of Finance, 2020b: 52). While these increases imply a range of necessary policy initiatives in the decades to come, there is an inevitability that an overall higher level of taxation will have to be collected.

**Table 4.2:** Projected Age-Related Expenditure, 2020-2070

<b>Expenditure areas</b>	<b>2020</b>	<b>2030</b>	<b>2040</b>	<b>2050</b>	<b>2060</b>	<b>2070</b>
<b>% GDP</b>						
Gross Public Pensions	5.1	5.8	6.7	7.4	7.2	6.6
<i>of which:</i>						
<i>Social protection pensions</i>	3.8	4.3	5.2	6.1	6.3	6.0
<i>Public service pensions</i>	1.3	1.5	1.5	1.4	0.9	0.6
Health care	4.3	4.6	4.9	5.1	5.2	5.1
Long-term care	1.4	1.7	2.1	2.7	3.1	3.3
Education	3.5	3.6	3.2	3.4	3.5	3.3
Unemployment benefits	0.8	0.9	0.9	0.9	0.9	0.9
<b>Total age-related spending</b>	<b>15.1</b>	<b>16.6</b>	<b>17.8</b>	<b>19.6</b>	<b>19.9</b>	<b>19.2</b>
<b>% GNI*</b>						
Gross Public Pensions	8.0	9.1	10.5	11.7	11.3	10.3
<i>of which:</i>						
<i>Social protection pensions</i>	6.0	6.8	8.1	9.5	9.9	9.4
<i>Public service pensions</i>	2.0	2.3	2.4	2.2	1.5	1.0
Health care	6.6	7.2	7.7	8.0	8.2	8.2
Long-term care	2.2	2.7	3.4	4.0	4.7	5.1
Education	5.6	5.6	5.0	5.3	5.5	5.2
Unemployment benefits	1.2	1.4	1.4	1.4	1.4	1.4
<b>Total age-related spending</b>	<b>23.6</b>	<b>26.0</b>	<b>28.0</b>	<b>30.4</b>	<b>31.2</b>	<b>30.3</b>

Source: Department of Finance (2020b: 52).

### ***How much should Ireland collect in taxation?***

As detailed in Chapter 2, *Social Justice Ireland* believes that, over the period ahead, policy should focus on increasing Ireland's tax-take. Previous benchmarks, set relative to the overall proportion of national income collected in taxation, have become redundant following recent revisions to Ireland's GDP and GNP levels as a result of the tax-minimising operations of a small number of large multinational firms.<sup>3</sup> Consequently, an alternative benchmark is required.

We have proposed a new tax take target set on a per-capita basis; an approach which minimises some of the distortionary effects that have emerged in recent years. Our target is calculated using CSO population data, ESRI population projections, and CSO and Department of Finance data on recent and future nominal overall taxation levels. The target is as follows:

***Ireland's overall level of taxation should reach a level equivalent to €15,000 per capita in 2017 terms. This target should increase each year in line with growth in GNI\*.***

Table 4.3 compares our target to the Budget 2021 expectations of the Department of Finance. We also calculate the overall tax gap for the economy; the difference between the level of taxation that is proposed to be collected and that which would be collected if the *Social Justice Ireland* target was achieved. As part of our calculations, we have adjusted the expected Department of Finance tax take to remove an estimate of the windfall short-term corporate taxes the state is currently receiving; revenues which are likely to go elsewhere as the broader OECD and EU reforms of corporate taxation regimes advances. We have chosen a conservative figure of €4.5billion to make this adjustment.

In 2021 the overall tax gap is €5.4 billion and the average gap over the period 2019-2021 is €6 billion per annum.

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<sup>3</sup> For many years *Social Justice Ireland* proposed that the overall level of taxation should reach 34.9 per cent of GDP.

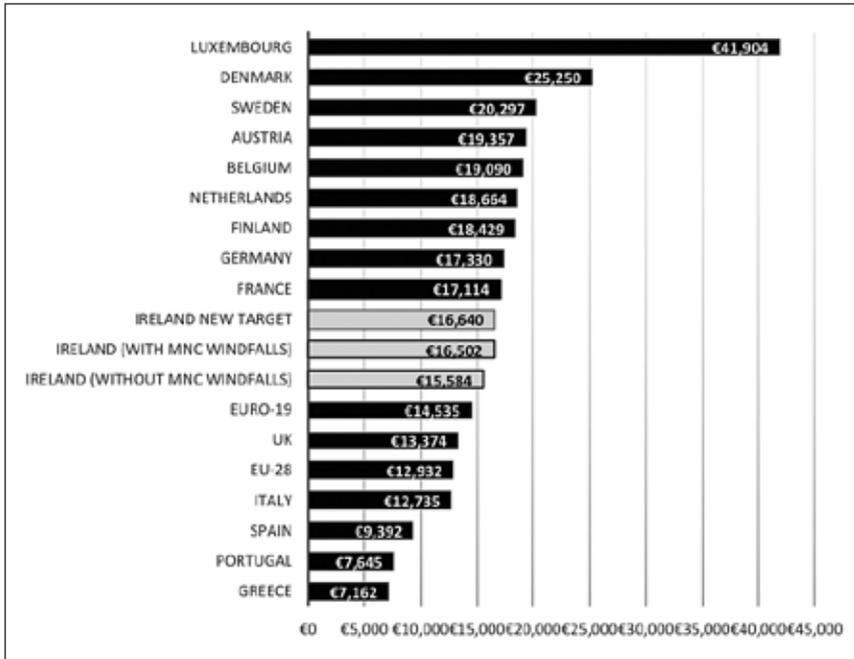
**Table 4.3:** Ireland's Tax Gap, 2019-2021

	2019	2020	2021
<b>Tax-take € per capita</b>			
Budget 2021 projection	€15,580	€14,683	€15,333
<i>Social Justice Ireland</i> target	€16,642	€16,160	€16,418
Difference	€1,062	€1,477	€1,085
<b>Overall Tax-take €m</b>			
Budget 2021 projection <sup>#</sup>	€76,679m	€73,083m	€76,931m
<i>Social Justice Ireland</i> target	€81,905m	€80,433m	€82,374m
<b>Tax Gap</b>	<b>€5,225m</b>	<b>€7,349m</b>	<b>€5,443m</b>

**Notes:** Calculated from Department of Finance (2020a: 58), CSO population data and ESRI population projections (Morgenroth, 2018:48). GNI\* is assumed to move in line with GNP – as per Department of Finance (2017:49). The Tax Gap is calculated as the difference between the Department of Finance projected tax take and that which would be collected if total tax receipts were equal to the Social Justice Ireland target. # The tax take has been adjusted to remove €4.5b as a conservative estimate of short-term tax revenues from MNCs; targets are calculated post its removal.

Increasing the overall tax take to this level would require a number of changes to the tax base and the current structure of the Irish taxation system, reforms which we address in the next section of this chapter. Increasing the overall taxation revenue to meet this new target would represent a small overall increase in taxation levels and one which is unlikely to have any significant negative impact on the economy.

**Chart 4.1:** Per-Capita Tax Take in EU-15 States, 2019



Source: Calculated from Eurostat online database and see notes to Table 4.3.

Chart 4.1 compares the target to the situation in other comparable high-income EU states (the EU-15) using the latest Eurostat data which is for 2019. The updated *Social Justice Ireland* tax target for 2019 is €16,640 per capita. In that year Ireland’s per capita tax figure was €16,502 when the tax windfalls of multi-national corporations (MNCs) are included but about €1,000 below the target when these transitory revenue sources are excluded. The *Social Justice Ireland* tax target does not alter Ireland’s relative position or alter its status as among the lowest taxed economies in Europe. However, reaching that level would provide a lot more recurring revenue for the state to invest in public services and improved living standards for all. As a policy objective, Ireland can remain a low-tax economy, but it should not be incapable of adequately supporting the economic, social and infrastructural requirements necessary to support our society and complete our convergence with the rest of Europe.

***Is a higher tax-take problematic?***

Suggesting that any country’s tax-take should increase often produces negative responses. People think first of their incomes and increases in income tax, rather than more broadly of reforms to the tax base. Furthermore, proposals that taxation

should increase are often rejected with suggestions that they would undermine economic growth. However, a review of the performance of a number of economies over recent years sheds a different light on this issue and shows limited or no relationship between overall taxation levels and economic growth.

### *Taxation and competitiveness*

Another argument made against increases in Ireland's overall taxation levels is that it will undermine competitiveness. However, the suggestion that higher levels of taxation would damage our position relative to other countries is not supported by international studies of competitiveness.

The World Economic Forum publishes a *Global Competitiveness Report* ranking the most competitive economies across the world.<sup>4</sup> Table 4.4 outlines the top fifteen economies in this index for 2019 as well as the ranking for Ireland (which comes 24th). It also presents the difference between the size of the tax-take in these, the most competitive economies in the world, and Ireland, for 2019.<sup>5</sup>

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<sup>4</sup> Competitiveness is measured across 12 pillars including: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods markets efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication and innovation. See WEF (2019) for further details on how these are measured.

<sup>5</sup> This analysis updates that first produced by Collins (2004: 15-18). As a result of the Covid-19 pandemic, the WEF did not update their index for 2020.

**Table 4.4:** Differences in Taxation Levels Between the World’s 15 Most Competitive Economies and Ireland

Competitiveness Rank	Country	Taxation level versus Ireland
1	Singapore	<i>not available</i>
2	United States	-5.1
3	Hong Kong SAR	<i>not available</i>
4	Netherlands	+9.7
5	Switzerland	-1.1
6	Japan	+2.4
7	Germany	+9.2
8	Sweden	+13.3
9	UK	+3.4
10	Denmark	+16.7
11	Finland	+12.6
12	Taiwan, China	<i>not available</i>
13	South Korea	<i>not available</i>
14	Canada	+3.9
15	France	+15.8
<b>24</b>	<b>IRELAND</b>	-

**Source:** World Economic Forum (2019).

**Notes:** a) Taxation data from OECD (2020) for the year 2019 except for Japan where the taxation data is for 2018.

b) For some non-OECD countries comparable data is *not available*.

c) The OECD’s estimate for Ireland in 2019 is 22.7 per cent of GDP. The table compares GDP taxation measures for these countries with Ireland’s figure for tax as a percentage of GNDI 29.6 per cent (see Table 4.1).

Only two of the top fifteen countries, for which there is data available, report a lower taxation level than Ireland. Compared to Ireland almost all other leading competitive economies collect a notably greater proportion of national income in taxation. Over time Ireland’s position on this index has varied, most recently rising from 31<sup>st</sup> to 24<sup>th</sup>, although in previous years Ireland had been in 22<sup>nd</sup> and 23<sup>rd</sup> position. When Ireland has slipped back the reasons stated for Ireland’s loss

of competitiveness included decreases in economic growth and fiscal stability, poor performances by public institutions and a decline in the technological competitiveness of the economy (WEF, 2003: xv; 2008:193; 2011: 25-26; 210-211). Interestingly, a major factor in that decline is related to underinvestment in state funded areas: education; research; infrastructure; and broadband connectivity. Each of these areas is dependent on taxation revenue and they have been highlighted by the report, and by domestic bodies such as the National Competitiveness and Productivity Council, as necessary areas of investment to achieve enhanced competitiveness. As such, lower taxes do not feature as a significant priority; rather the focus is on increased and targeted efficient government spending.

## 4.2 Key Policies and Reforms

### Reforming and broadening the tax base

*Social Justice Ireland* believes that there is merit in developing a tax package which places less emphasis on taxing people and organisations on what they earn by their own useful work and enterprise, or on the value they add or on what they contribute to the common good. Rather, the tax that people and organisations should be required to pay should be based more on the value they subtract by their use of common resources. Whatever changes are made should also be guided by the need to build a fairer taxation system; one which adheres to our already stated core policy objective.

There are a number of approaches available to Government in reforming the tax base. Recent Budgets have made some progress in addressing some of these issues while the 2009 Commission on Taxation Report highlighted many areas that require further reform. A short review of the areas we consider a priority are presented below across the following subsections:

- Tax Expenditures / Tax Reliefs
- Minimum Effective Tax Rates for Higher Earners
- Corporation Taxes
- Site Value Tax
- Second Homes
- Empty Houses and Underdeveloped Land
- Taxing Windfall Gains
- Financial Transactions Tax
- Carbon Taxes

### *Tax Expenditures / Tax Reliefs*

A significant outcome from the Commission on Taxation is contained in part eight of its Report which details all the tax breaks (or “tax expenditures” as they are referred to officially). Subsequently, two members of the Commission produced a detailed report for the Trinity College Policy Institute which offered further insight into this issue (Collins and Walsh, 2010). Since then, the annual reporting of the costs of tax expenditures has improved considerably with much more detail than in the past being published annually by the Revenue Commissioners and an annual reports included as part of the Budget.

An examination of the comprehensive tax expenditure data published by the Revenue Commissioners for the tax year 2018 is informative. Within the list there are approximately 85 discretionary tax breaks involving revenue forgone of €15.8 billion per annum; these are tax relieving measures that could be phased out, restructured, or delivered more appropriately as direct expenditure.

Some progress has been made in addressing and reforming these tax breaks since 2009, and we welcome this progress. However, despite this, recent Budgets and Finance Bills have introduced new tax breaks targeted at high earning multinational executives and research and development schemes, and extended tax breaks for film production and the refurbishment of older buildings in urban areas. For the most part, there has been no, or limited, accompanying documentation evaluating the cost, distributive impacts or appropriateness of these proposals.

The Commission on Taxation (2009:230), Collins and Walsh (2010:20-21) and most recently a report for the Oireachtas Budgetary Oversight Committee (2019) have highlighted and detailed the need for new methods for evaluation/introducing tax reliefs. We strongly welcomed these proposals, which were similar to those made by the directors of *Social Justice Ireland* to the Commission in written and oral submissions. The proposals focused on prior evaluation of the costs and benefits of any proposed expenditure, the need to collect detailed information on each expenditure, the introduction of time limits for expenditures, the creation of an annual tax expenditures report as part of the Budget process and the regular scrutiny of this area by an Oireachtas committee. Recently there has been some progress in this direction with a report for the Department of Finance, accompanying Budget 2015, proposing a new process for considering and evaluating tax breaks. Documentation accompanying Budgets 2016-2021 also included an annual tax expenditure report. We welcome this development and believe it is important to further develop this work, to deepen the proposed analysis and to further improve the ability of the Oireachtas to regularly review all of the tax expenditures in the Irish taxation system.

*Social Justice Ireland* believes that reforming the tax break system would make the tax system fairer. It would also provide substantial additional resources which

would contribute to raising the overall tax-take towards the modest and realistic target we outlined earlier.<sup>6</sup>

### ***Minimum Effective Tax Rates for Higher Earners***

The suggestion that it is the better-off who principally gain from the provision of tax exemption schemes is reflected in a series of reports published by the Revenue Commissioners entitled *Effective Tax Rates for High Earning Individuals* and *Analysis of High Income Individuals' Restriction*. These reports provided details of the Revenue's assessment of top earners in Ireland and the rates of effective taxation they incur.<sup>7</sup> The reports led to the introduction of a minimum 20 per cent effective tax rate as part of the 2006 and 2007 Finance Acts for all those with incomes in excess of €500,000. Subsequently, Budgets have revised up the minimum effective rate and revised down the income threshold from where it applies – reforms we have welcomed as necessary and long-overdue. Most recently, the 2010 Finance Bill introduced a requirement that all earners above €400,000 pay a minimum effective rate of tax of 30 per cent. It also reduced from €250,000 to €125,000 the income threshold where restrictions on the use of tax expenditures to decrease income tax liabilities commence.

The latest Revenue Commissioners analysis of the operation of these new rules is for the tax year 2018 (Revenue Commissioners, 2020). Table 4.5 gives the findings of that analysis for the 97 individuals with income in excess of €400,000 who were subject to the restriction. The report also includes information on the distribution of effective income tax rates among the 261 earners subject to the restriction and with incomes between €125,000 and €400,000.

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<sup>6</sup> See section later in this chapter on the standard rating of tax expenditures.

<sup>7</sup> The effective taxation rate is calculated as the percentage of the individual's total pre-tax income that is liable to income tax and that is paid in taxation.

**Table 4.5:** The Distribution of Effective Income Tax Rates Among Those Earning in Excess of €125,000 in 2018 (% of total)

Effective Tax Rate	Individuals with incomes of €400,000+	Individuals with incomes of €125,000 - €400,000
< 15%		15
15% < 20%		23
20% < 25%		42
25% < 30%	<10*	60
30% < 35%	0	58
35% < 40%	43	51
40% < 45%	44	12**
45% < 50%	<10	
> 50%	0	
<b>Total Cases</b>	<b>97</b>	<b>261</b>

**Source:** Revenue Commissioners (2020: 8, 10).

**Note:** Effective rates are for income taxation and USC only. They do not include PRSI. \*these earners are classified as having a rate of 'less than or equal to 30 per cent'. \*\* these 12 earners are classified as having a rate of 'above 40 per cent'.

*Social Justice Ireland* welcomed the introduction of this scheme which marked a major improvement in the fairness of the tax system. The published data indicate that it seems to be working well; however, there are still surprisingly low effective income taxation rates being reported.

The report states that the average effective tax rate faced by earners above €400,000 in 2018 was 40.3 per cent, equivalent to the amount of income tax and USC paid by a single PAYE worker with a gross income of €172,000 in that year. Similarly, the average income tax and USC effective tax rate faced by people earning between €125,000 - €400,000 in 2018 (29 per cent) was equivalent to the amount of income tax paid by a single PAYE worker with a gross income of approximately €70,000 in that year. The contrast in these income levels for the same overall rate of income taxation brings into question the fairness of the taxation system as a whole. Such an outcome may be better than in the past, but it still has some way to go to reflect a situation where a fair contribution is being paid.

*Social Justice Ireland* believes that it is important that Government continues to raise the minimum effective tax rate so that it is in line with that faced by PAYE earners on equivalent high-income levels. Following Budget 2021 a single individual on

an income of €125,000 gross will pay an income tax and USC effective tax rate of 37.2 per cent (down from 39.3 per cent in 2014); a figure which suggests that the minimum threshold for high earners has potential to adjust upwards over the next few years. We also believe that Government should reform the High-Income Individuals' Restriction so that all tax expenditures are included within it. The restriction currently does not apply to all tax breaks individuals avail of, including pension contributions. This should change in Budget 2022.

### *Corporation Taxes*

Over the past few years there has been a growing international focus on the way multi-national corporations (MNCs) manage their tax affairs. The OECD's Base Erosion and Profits Shifting (BEPS) examination has established the manner and methods by which MNCs exploit international tax structures to minimise the tax they pay.<sup>8</sup> Similarly, the European Commission has undertaken a series of investigations into the tax management and tax minimisation practices of a number of large MNCs operating within the EU, including Ireland. The European Parliament's Special Committee on Tax Rulings has also completed a review of the EU tax system and highlighted its problems and failures (TAXE, 2015).<sup>9</sup>

Given the timeliness and comprehensiveness of this work, it is important that it leads to the emergence of a transparent international corporate finance and corporate taxation system where multinational firms pay a reasonable and credible effective corporate tax rate. We welcome progress towards this over the past year, and the acceptance by the Irish Government that the system needs to change albeit that this will result in lower corporate tax revenues to the exchequer in the years to come.

A chapter within the 2016 Report of the Comptroller and Auditor General (C&AG, September 2017) provided a new and important insight into corporation tax receipts in Ireland. The report is the first comprehensive examination of this area for some time, even though corporation taxes comprise around 15 per cent of annual tax revenue. Looking at tax receipts for 2016 it found that there were 44,000 corporate taxpayers but that receipts were dominated by "a small number of taxpayers, mainly multi-national enterprises (MNEs)" (2017:289). Noting the fiscal risk associated with this, the report indicated that 37 per cent of the 2016 corporation tax was paid by the top 10 taxpayers and 70 per cent by the top 100 taxpaying companies. Four sectors accounted for 84 per cent of the €7.35 billion in revenue collected in 2016 and these were: financial and insurance activities (28%); manufacturing including pharmaceutical manufacturing (25%); information and communications (17%); and wholesale and retail trade (14%). The report noted that the three largest of these are sectors "dominated by MNEs" (2017:291).

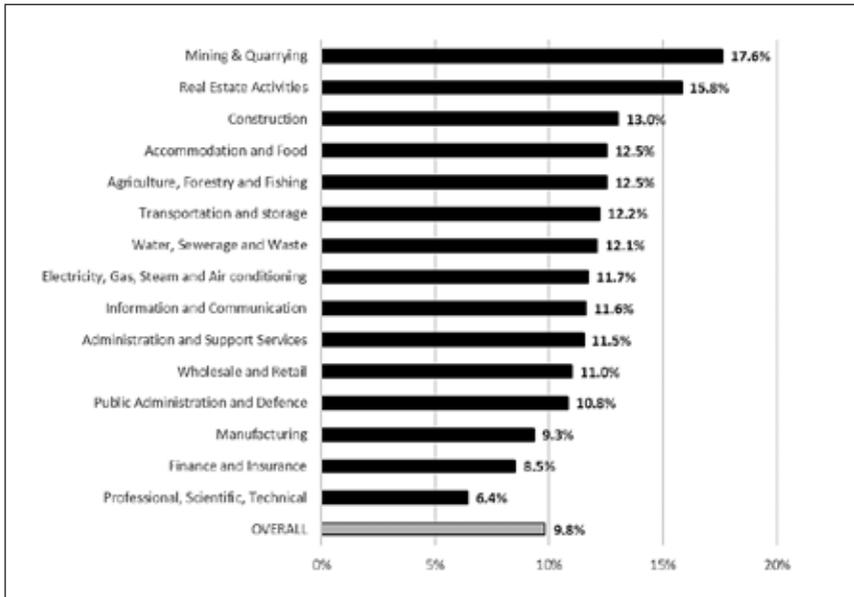
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<sup>8</sup> See [www.oecd.org/ctp/beps.htm](http://www.oecd.org/ctp/beps.htm)

<sup>9</sup> See [www.europarl.europa.eu/committees/en/taxe/home.html](http://www.europarl.europa.eu/committees/en/taxe/home.html)

Despite a low headline rate (12.5%), to date there has been limited data on the effective rate of corporate taxation in Ireland. A report from the Department of Finance in 2014 explored the issue and the C&AG (2017) provides a more detailed assessment. Using the approach used by the Revenue Commissioners to calculate the effective tax rate, tax due as a proportion of taxable income, they found an overall effective corporation tax rate of 9.8 per cent in 2016. The effective rate varied between sectors and the C&AG findings are summarised in chart 4.2. The C&AG findings for the effective rate among the top 100 corporate taxpayers, who account for 70 per cent of tax revenue, is summarised in Table 4.6.

**Chart 4.2:** Effective Corporation Tax Rates by Sector in Ireland, 2016



**Source:** C&AG (2017: 296)

**Note:** Effective tax rates can exceed the statutory rate of 12.5% where there is income beyond trading profits such as passive income which is charged at 25%.

**Table 4.6:** Effective Corporate Tax Rates of the Top 100 Taxpayers, 2016

Effective Rate	Number of Companies
0% or less	8
Between 0% and 1%	5
Between 1% and 5%	1
Between 5% and 10%	7
Between 10% and 12%	14
More than 12%	65
<b>Total</b>	<b>100</b>

Source: C&AG (2017: 299)

Overall the C&AG report points towards a concentration of corporation tax among a small group of multi-national firms and highlights that it is a small number of these firms who are aggressively minimising their tax liabilities.

*Social Justice Ireland* believes that an EU-wide agreement on a minimum effective rate of corporation tax should be negotiated and this could evolve from the ongoing discussions around a Common Consolidated Corporate Tax Base (CCCTB). We believe that the minimum rate should be set well below the 2020 EU-27 average headline rate of 21.5 per cent but above the existing low Irish level.<sup>10</sup> A headline rate of 17.5 per cent and a minimum effective rate of 10 per cent seem appropriate. This reform would simultaneously maintain Ireland's low corporate tax position and provide additional revenues to the exchequer. Based on the C&AG report the impact of such a reform would be confined to a small number of firms yet it is likely to raise overall corporate tax revenues. Rather than introducing this change overnight, agreement may need to be reached at EU level to phase it in over three to five years. Reflecting this, we proposed prior to Budget 2021 that the effective rate be adjusted to a minimum of 6 per cent – an opportunity regrettably missed.

*Social Justice Ireland* believes that the issue of corporate tax contributions is principally one of fairness. Profitable firms with substantial income should make a contribution to society rather than pursue various schemes and methods to avoid such contributions.

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<sup>10</sup> Data from Eurostat (2020: 41).

### *Site Value Tax*

Taxes on wealth are minimal in Ireland. Revenue is negligible from capital acquisitions tax (CAT) because it has a very high threshold in respect of bequests and gifts within families and the rates of tax on transfers of family farms and firms are very generous (see tax revenue tables at the start of this chapter). Some recent Budgets have extended the Group A (parent to child) CAT threshold and the likely future revenue from this area remains limited given the taxes current structure.<sup>11</sup> The requirement, as part of the EU/IMF/ECB bailout agreement, to introduce a recurring property tax led Government in Budget 2012 to introduce an unfairly structured flat €100 per annum household charge and a value-based Local Property Tax in Budget 2013. While we welcome the overdue need to extend the tax base to include a recurring revenue source from property, we believe that a Site Value Tax, also known as a Land Rent Tax, would be a more appropriate and fairer approach.

In previous editions of this publication we have reviewed this proposal in greater detail.<sup>12</sup> There has also been a number of research papers published on this issue over the past decade.<sup>13</sup> Overall, they point towards a recurring site value tax that is fairer and more efficient than other alternatives. *Social Justice Ireland* believes that the introduction of a site value tax would be a better alternative than the current value based local property tax. A site value tax would lead to more efficient land use within the structure of social, environmental and economic goals embodied in planning and other legislation.

### *Second Homes, Empty Houses and Underdeveloped Land*

A feature of the housing boom of the early 2000s was the rapid increase in ownership of holiday homes and second homes. For the most part these homes remain empty for at least nine months of the year. It is a paradox that many were built at the same time as the rapid increases in housing waiting lists (see chapter 6).

Results from Census 2016 identified that the number of vacant houses on Census night was 259,562 (April 2016) implying that 12.8 per cent of the national housing stock was vacant. 61,204 of these units were classified as holiday homes meaning that almost 200,000 were empty homes that could act as the main accommodation for an individual or family. Given that there is always some ‘natural’ turnover in the housing market, the true ‘empty’ figure is somewhat lower but still very significant.

What is often overlooked when the second home issue is being discussed is that the infrastructure to support these houses is substantially subsidised by the taxpayer. Roads, water, sewage and electricity infrastructure are just part of this subsidy which goes, by definition, to those who are already better off as they can afford

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<sup>11</sup> Budget 2017 previously extended the Group B and C thresholds further reducing the revenue yield of this tax source.

<sup>12</sup> See for example the 2013 edition of the Socio-Economic Review pages 132-134.

<sup>13</sup> These include O’Siochru (2004:23-57), Dunne (2004:93-122), Chambers of Commerce of Ireland (2004), Collins and Larragy (2011), and O’Siochru (2012).

these second homes in the first place. *Social Justice Ireland* supports the views of Bergin et al (ESRI, 2003) and the Indecon report (2005:183-186; 189-190) on this issue. We believe that people purchasing second houses should have to pay these full infrastructural costs, much of which is currently borne by society through the Exchequer and local authorities. There is something perverse in the fact that the taxpayer subsidises the owners of these unoccupied houses while many people do not have basic adequate accommodation.

The introduction of the Non-Principal Private Residence (NPPR) charge in 2009 was a welcome step forward. However, notwithstanding subsequent increases, the charge was very low relative to the previous and on-going benefits that are derived from these properties. It stood at €200 in 2013 and was abolished under the 2014 Local Government Reform Act. While second homes are liable for the local property tax, as are all homes, *Social Justice Ireland* believes that second homes should be required to make a further annual contribution in respect of the additional benefits these investment properties receive. We believe that Government should re-introduce this charge and that it should be further increased and retained as a separate substantial second homes payment. An annual charge of €500 would seem reasonable and would provide additional revenue to local government of approximately €170m per annum.

In the context of a shortage of housing stock (see chapter 6), building new units is not the entire solution. There remains a large number of empty units across the country, something reflected in the aforementioned 2016 Census data. *Social Justice Ireland* believes that policy should be designed to reduce the number of these units and penalise those who own units and leave them vacant for more than a six-month period. We propose that Government should introduce a levy on empty houses of €200 per month with the revenue from this charge collected and retained by local authorities.

Local authorities should also be charged with collecting an enhanced site value tax on underdeveloped land, such as abandoned urban centre sites and land-banks of zoned land on the edges of urban areas. This tax should be levied at a rate of €2,000 per hectare (or part thereof) per annum. Income from both measures should reduce the central fund allocation to local authorities.

### ***Taxing Windfall Gains***

The vast profits made by property speculators on the rezoning of land by local authorities was a particularly undesirable feature of the recent economic boom. For some time, *Social Justice Ireland* has called for a substantial tax to be imposed on the profits earned from such decisions. Re-zonings are made by elected representatives supposedly in the interest of society generally. It therefore seems appropriate that a sizeable proportion of the windfall gains they generate should be made available to local authorities and used to address the ongoing housing problems they face (see chapter 6). In this regard, *Social Justice Ireland* welcomed the decision to put such a

tax in place in 2010 and strongly condemned its removal as part of Budget 2015. Its removal has been one of the most retrograde policy initiatives in recent years.

A windfall tax level of 80 per cent is appropriate and, as Table 4.7 illustrates, this still leaves speculators and land owners with substantial profits from these rezoning decisions. The profit from this process should be used to fund local authorities. In announcing his Budget 2016 decision, the Minister for Finance noted that the tax was not currently raising any revenue and so justified its abolition on this basis. However, as the property market recovers and as the population continues to grow in years to come, there will be many beneficiaries of vast unearned speculative windfalls.

*Social Justice Ireland* believes that this tax should be re-introduced. Taxes are not just about revenue, they are also about fairness.

**Table 4.7:** Illustrative Examples of the Operation of an 80% Windfall Gain Tax on Rezoned Land

Agricultural Land Value	Rezoned Value	Profit	Tax @ 80%	Post-Tax Profit	Profit as % Original Value
€50,000	€400,000	€350,000	€280,000	€70,000	140%
€100,000	€800,000	€700,000	€560,000	€140,000	140%
€200,000	€1,600,000	€1,400,000	€1,120,000	€280,000	140%
€500,000	€4,000,000	€3,500,000	€2,800,000	€700,000	140%
€1,000,000	€8,000,000	€7,000,000	€5,600,000	€1,400,000	140%

**Note:** Calculations assume an eight-fold increase on the agricultural land value upon rezoning.

### **Financial Transactions Tax**

As the international economic chaos of the past decade has shown, the world is now increasingly linked via millions of legitimate, speculative and opportunistic financial transactions. Similarly, global currency trading increased sharply throughout recent decades. It is estimated that a very high proportion of all financial transactions traded are speculative which are completely free of taxation.

Occasional insights are provided by surveys, the most comprehensive of which is provided by the Bank for International Settlements (BIS) *Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity*. The most recent of these was conducted in April 2019 and published in late 2019. The data covered 53 countries and the activities of almost 1,300 banks and other dealers.

Relating to foreign exchange transactions, the key findings from the report were:

- In April 2019 the average daily turnover in global foreign exchange markets was US\$6.6 trillion; an increase from \$5.1 trillion three years earlier.
- The major components of these activities were: \$1,987bn in spot transactions each day, \$999bn in outright forwards, \$3,202bn in foreign exchange swaps, \$108bn in currency swaps, and \$294bn in foreign exchange options and other products.
- 56 per cent of trades were cross-border and 44 per cent local (within countries).
- The vast majority of trades involved four currencies on one side of trades: US Dollar (88 per cent of all foreign exchange trades), Euro (32 per cent), Japanese Yen (17 per cent) and Pound Sterling (13 per cent).
- Most of this activity occurred in five countries with the UK, USA, Hong Kong, Singapore and Japan facilitating 79 per cent of all foreign exchange trades.

Relating to interest rate derivative transactions, the key findings from the report were:

- In April 2019 the average daily turnover in global interest rate derivative markets was US\$5.8 trillion; this has increased by more almost 120 per cent since 2016.
- The major components of these activities were: interest rate swaps of \$4,100bn, \$1,900bn in forward rate agreements, and \$456bn in Over the Counter (OTC) options and other products.
- Half of transactions were conducted in US\$, one-quarter in Euro and 8 per cent in Sterling. Most transactions originated in the UK (50 per cent) and USA (32 per cent).

The Irish Central Bank (2019) contributed to the BIS report providing specific data for the activities of 14 reporting banks based in Ireland. They found that in April 2019:

- The estimated daily foreign exchange turnover for Ireland was US\$7.2bn up from \$2.2bn in 2016 (3.3 times higher).
- The estimated daily turnover in interest rate derivative markets in Ireland was US\$7.3bn up from US\$1.1bn (6.8 times higher).
- The importance of Ireland in both these sectors increased between 2016 and 2019. In global terms, Ireland ranks 36<sup>th</sup> in terms of foreign-exchange contracts and 21<sup>st</sup> in terms of interest-rate derivatives.

Transactions in these markets represent a mixture of legitimate, speculative and opportunistic financial transactions. Estimates continue to highlight that a

very large proportion of these activities are speculative, implying that large and growing amounts of these transactions make no real or worthwhile contribution to economies and societies beyond increasing risk and instability. Taken together, the daily value of international trading in foreign exchange and interest rate derivatives markets is more than 31 times the annual GDP of Ireland, more than four times that of the UK, and almost 60 per cent of annual GDP in the USA. On an annualised basis, Irish based trading in foreign exchange markets is equivalent to 676 per cent of GDP while trading in interest rate derivatives are equivalent to 685 per cent of the annual value of GDP.

*Social Justice Ireland* regrets that to date Government has not committed to supporting recent European moves to introduce a Financial Transactions Tax (FTT) or Tobin Tax. The Tobin tax, first proposed by the Nobel Prize winner James Tobin, is a progressive tax, designed to target only those profiting from speculation. It is levied at a very small rate on all transactions but given the scale of these transactions globally, it has the ability to raise significant funds. In September 2011 the EU Commission proposed an FTT and its proposal has evolved since then through a series of revisions and updates.

The EU initially proposed a tax rate of 0.1% (one tenth of one percent) on the trading of bonds and shares and 0.01% (one hundredth of one percent) on the value of derivative agreements. The rates proposed were minimums as countries could set higher rates if they wished. The proposal was also comprehensively designed such that it captured all trades involving any EU registered entity, and all trades involving any EU issued securities. The initial proposal anticipated an annual EU-wide FTT income of between €30bn-€50bn per annum.

The subsequent development of the FTT proposal has seen slow progress at EU level. While between 9 and 11 member states have signalled a willingness to implement the proposal, the precise nature of the tax and breath of the tax base has remained under discussion. Ireland is one of the EU member states that has not, as yet, signalled an intention to implement the tax. However, it has not impeded its development under the enhanced cooperation mechanism.

EU debates are currently focused on the FTT tax base with proposals to narrow it to shares only competing with alternative views focused on retaining a wide base across shares, bonds and derivatives. There is also a considerable financial lobby working to encourage a dilution of the initial broad EU FTT proposal. The scale of this initiative is understandable, given that the tax would most likely reduce the commissions and profits associates with the speculative transactions these financial firms engage in.

However, policy makers need to be reminded that the core argument for these taxes is that they are in the broader interest as they dampen irrelevant and unnecessary financial speculation and thereby underpin the stability of European states. For

societies an FTT is a win-win; less needless financial speculation and more state revenue.

Over the past few years a group has emerged in Ireland to support the adoption of the FTT.<sup>14</sup> In our opinion, the tax offers the dual benefit of dampening needless and often reckless financial speculation and generating significant funds. A report from the Nevin Economic Research Institute estimated the likely revenue yield from the FTT's adoption by Ireland. Taking account of the need for Government to abolish stamp duty on shares, the report estimated a net revenue yield of between €320m and €350m per annum (Collins, 2016).

We believe that the revenue generated by this tax should be used for national economic and social development and international development co-operation purposes, in particular assisting Ireland and other developed countries to fund overseas aid and reach the UN ODA target (see chapter 13). According to the United Nations, the amount of annual income raised from a Tobin tax would be enough to guarantee to every citizen of the world basic access to water, food, shelter, health and education. Therefore, this tax has the potential to wipe out the worst forms of material poverty throughout the world.

*Social Justice Ireland* believes that the time has come for Ireland to support the introduction of a Financial Transactions Tax.

### *Carbon Taxes*

Budget 2010 announced the long-overdue introduction of a carbon tax. This had been promised in Budget 2003 and committed to in the *National Climate Change Strategy* (2007). The tax has been structured along the lines of the proposal from the Commission on Taxation (2009: 325-372) and is linked to the price of carbon credits which was set at an initial rate of €15 per tonne of CO<sub>2</sub> and subsequently increased in Budget 2012 to €20 per tonne. Budget 2013 extended the tax to cover solid fuels on a phased basis from May 2013 with the full tax applying from May 2014. Budget 2020 further increased the tax (to €26 per tonne) and this was increased further, to €33.50 per tonne, in Budget 2021. The 2020 Finance Act included a schedule of annual carbon tax increases so that it reaches €100 per tonne in 2030; reflecting commitments in the Programme for Government and the recommendations of the 2019 all-party report on climate change.

*Social Justice Ireland* welcomed the introduction of this tax, we regretted the initial lack of accompanying measures to protect those most affected by it, in particular low-income households and rural dwellers. While this has not been fully addressed, we welcome that all revenue from carbon tax increases since 2020 have been earmarked to fund environmental programmes, energy efficiency measures and social protection measures targeting low-income households. Looking to the planned increases over the next decade, we believe that Government should be

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<sup>14</sup> *Social Justice Ireland* is a member of this group, see [www.robinhoodtax.ie](http://www.robinhoodtax.ie)

more specific in defining how it will assist these rural and low-income households. Furthermore, we are concerned that the effectiveness of the tax is being undermined as there is less focus on the original intention of encouraging behavioural change and greater emphasis on raising revenue.

### **Building a Fairer Taxation System**

The need for fairness in the tax system was clearly recognised in the first report of the Commission on Taxation almost four decades ago. It stated:

“...in our recommendations the spirit of equity is the first and most important consideration. Departures from equity must be clearly justified by reference to the needs of economic development or to avoid imposing unreasonable compliance costs on individuals or high administrative costs on the Revenue Commissioners.” (1982:29)

The need for fairness is just as obvious today and *Social Justice Ireland* believes that this should be a central objective of the current reform of the taxation system. Below we outline a series of reforms that would greatly enhance the fairness of Ireland’s taxation system. This subsection is structured in five parts:

- Standard rating discretionary tax expenditures
- Favouring fair changes to income taxes
- Introducing Refundable Tax Credits
- Reforming individualisation
- Making the taxation system simpler

#### ***Standard rating discretionary tax expenditures***

Making all discretionary tax reliefs/expenditures only available at the standard 20 per cent rate would represent a crucial step towards achieving a fairer tax system. If there is a legitimate case for making a tax relief/expenditure available, then it should be made available in the same way to all. It is inequitable that people on higher incomes should be able to claim certain tax reliefs at their top marginal tax rates while people with less income are restricted to claim benefit for the same relief at the lower standard rate of 20 per cent. The standard rating of tax expenditures, otherwise known as reliefs, offers the potential to simultaneously make the tax system fairer and fund the necessary developments they are designed to stimulate without any significant macroeconomic implications.<sup>15</sup>

Recent Budgets have made substantial progress towards achieving this objective and we welcome these developments. However, there remains considerable potential to introduce further reform. Notably, Collins (2013:17) reported that in 2009 (the

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<sup>15</sup> See O’Toole and Cahill (2006:215) who also reach this conclusion.

latest Revenue data available) there were €2.3bn of tax breaks made available at the marginal rate and that if these were standardised the estimated saving was just over €1bn.

### ***Favouring fair changes to income taxes***

Reducing taxes is not a priority for *Social Justice Ireland* either in the forthcoming Budget 2022 or any future plans for taxation policy reforms undertaken by the new Government. We believe that any available money should be used to improve Ireland's public services and infrastructure, reduce poverty and social exclusion and to meet our national climate targets – policy priorities detailed throughout this publication. However, discussion and policy considerations often focuses on income taxation reductions, and as a consequence, we have published a series of documents over the past few years that have examined, from the perspectives of fairness, various reform choices. The most recent document is entitled *Fairness in Changing Income Taxes* (Social Justice Ireland, 2020).<sup>16</sup> As a minimum, the analysis highlights the distributive impact taxation policy choices can have and the potential policy has to pursue both fair and unfair outcomes.

### ***Introducing refundable tax credits***

The move from tax allowances to tax credits was completed in Budget 2001. This was a very welcome change because it put in place a system that had been advocated for a long time by a range of groups. One problem persists, however. If a low income worker does not earn enough to use up his or her full tax credit then he or she will not benefit from any income tax reductions introduced by Government in its annual budget. As we have demonstrated earlier in this publication (see Chapter 3) this has been the case for a large number of low income workers following recent Budgets.

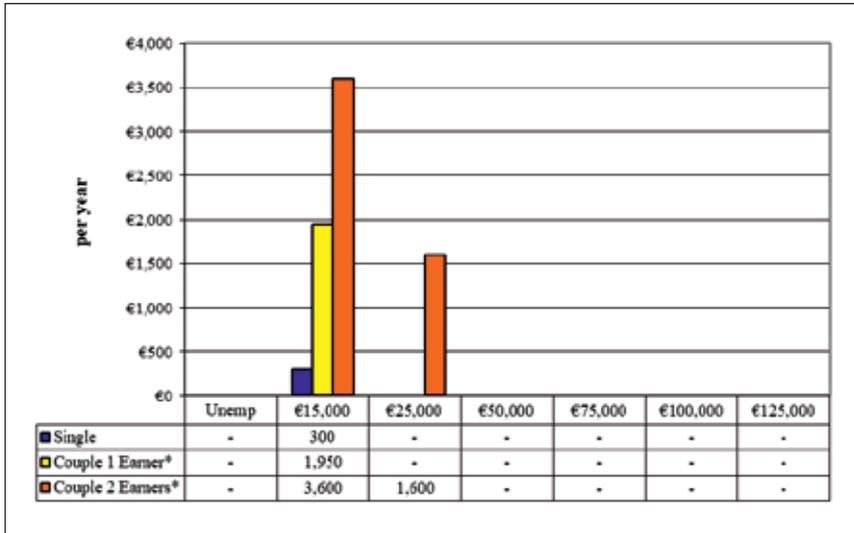
Making tax credits refundable would be a simple solution to this problem. It would mean that the part of the tax credit that an employee did not benefit from would be “refunded” to him/her by the state.

The major advantage of making tax credits refundable lies in addressing the disincentives currently associated with low-paid employment. The main beneficiaries of refundable tax credits would be low-paid employees (full-time and part-time). Chart 4.3 displays the impacts of the introduction of this policy across various gross income levels. It shows that all of the benefits from introducing this policy would go directly to those on the lowest incomes.

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<sup>16</sup> The document is available on our website.

**Chart 4.3:** How Much Better Off Would People Be if Tax Credits Were Made Refundable?



Note: \* Except where unemployed as there is no earner.

With regard to administering this reform, the central idea recognises that most people with regular incomes and jobs would not receive a cash refund of their tax credit because their incomes are too high. They would simply benefit from the tax credit as a reduction in their tax bill. Therefore, as chart 4.3 shows, no change is proposed for these people and they would continue to pay tax via their employers, based on their net liability after deduction of tax credits by their employers on behalf of the Revenue Commissioners. For other people on low or irregular incomes, the refundable tax credit could be paid via a refund by the Revenue Commissioners at the end of the tax year. Following the introduction of refundable tax credits, all subsequent increases in the level of the tax credit would be of equal value to all employees.

To illustrate the benefits of this approach, charts 4.4 and 4.5 compare the effects of a €100 increase in the personal tax credit before and after the introduction of refundable tax credits. Chart 4.4 shows the effect as the system is currently structured – an increase of €100 in credits, but these are not refundable. It shows that the gains are allocated equally to all categories of earners above €50,000. However, there is no benefit for those workers whose earnings are not in the income tax net.

Chart 4.5 shows how the benefits of a €100 a year increase in personal tax credits would be distributed under a system of refundable tax credits. This simulation

demonstrates the equity attached to using the tax-credit instrument to distribute budgetary taxation changes. The benefit to all categories of income earners (single/couple, one-earner/couple, dual-earners) is the same. Consequently, in relative terms, those earners at the bottom of the distribution do best.

**Chart 4.4:** How Much Better Off Would People Be if Tax Credits Were Increased by €100 Per Person?



Note: \* Except where unemployed, as there is no earner.

**Chart 4.5:** How Much Better Off Would People Be if Tax Credits Were Increased by €100 Per Person and This was Refundable?



Note: \* Except where unemployed, as there is no earner.

Overall the merits of adopting this approach are: that every beneficiary of tax credits would receive the full value of the tax credit; that the system would improve the net income of the workers whose incomes are lowest, at modest cost; and that there would be no additional administrative burden placed on employers.

During 2010 *Social Justice Ireland* published a detailed study on the subject of refundable tax credits. Entitled ‘*Building a Fairer Tax System: The Working Poor and the Cost of Refundable Tax Credits*’, the study identified that the proposed system would benefit 113,000 low-income individuals in an efficient and cost-effective manner.<sup>17</sup> When children and other adults in the household are taken into account the total number of beneficiaries would be 240,000. The cost of making this change would be €140m. The *Social Justice Ireland* proposal to make tax credits refundable would make Ireland’s tax system fairer, address part of the working poor problem, and improve the living standards of a substantial number of people in Ireland. The following is a summary of that proposal:

*Making tax credits refundable: the benefits*

- Would address the problem identified already in a straightforward and cost-effective manner;

<sup>17</sup> The study is available from our website: [www.socialjustice.ie](http://www.socialjustice.ie)

- No administrative cost to the employer;
- Would incentivise employment over welfare as it would widen the gap between pay and welfare rates;
- Would be more appropriate for a 21<sup>st</sup> century system of tax and welfare.
- *Details of Social Justice Ireland proposal*
- Unused portion of the Personal and PAYE tax credit (and only these) would be refunded;
- Eligibility criteria in the relevant year;
- Individuals must have unused personal and/or PAYE tax credits (by definition);
- Individuals must have been in paid employment;
- Individuals must be at least 23 years of age;
- Individuals must have earned a minimum annual income from employment of €4,000;
- Individuals must have accrued a minimum of 40 PRSI weeks;
- Individuals must not have earned an annual total income greater than €15,600;
- Married couples must not have earned a combined annual total income greater than €31,200;
- Payments would be made at the end of the tax year.

#### *Cost of implementing the proposal*

- The total cost of refunding unused tax credits to individuals satisfying all of the criteria mentioned in this proposal is estimated at €140.1m.

#### *Major findings*

- Almost 113,300 low income individuals would receive a refund and would see their disposable income increase as a result of the proposal.
- The majority of the refunds are valued at under €2,400 per annum, or €46 per week, with the most common value being individuals receiving a refund of between €800 to €1,000 per annum, or €15 to €19 per week.
- Considering that the individuals receiving these payments have incomes of less than €15,600 (or €299 per week), such payments are significant to them.
- Almost 40 per cent of refunds flow to people in low-income working poor households who live below the poverty line.
- A total of 91,056 men, women and children below the poverty threshold benefit either directly through a payment to themselves or indirectly through a payment to their household from a refundable tax credit.

- Of the 91,056 individuals living below the poverty line that benefit from refunds, most (over 71 per cent) receive refunds of more than €10 per week with 32 per cent receiving in excess of €20 per week.
- A total of 148,863 men, women and children above the poverty line benefit from refundable tax credits either directly through a payment to themselves or indirectly (through a payment to their household). Most of these beneficiaries have income less than €120 per week above the poverty line.
- Overall, some 240,000 individuals (91,056 + 148,863) living in low-income households would experience an increase in income as a result of the introduction of refundable tax credits, either directly through a refund to themselves or indirectly through a payment to their household.

Once adopted, a system of refundable tax credits as proposed in our study would result in all future changes in tax credits being experienced equally by all employees in Irish society. Such a reform would mark a significant step in the direction of building a fairer taxation system and represent a fairer way for Irish society to allocate its resources.

### ***Reforming individualisation***

*Social Justice Ireland* supports individualisation of the tax system. However, the process of individualisation followed to date has been deeply flawed and unfair. The cost to the exchequer of this transition has been in excess of €0.75bn, and almost all of this money went to the highest income 30 per cent of the population. A significantly fairer process would have been to introduce a basic income system that would have treated all people fairly and ensured that a windfall of this nature did not accrue to the best off in this society (see Chapter 3).

Given the current form of individualisation, couples with one partner losing his/her job end up even worse off than they would have been had the current form of individualisation not been introduced. Before individualisation was introduced, the standard-rate income-tax band was €35,553 for all couples. Above that, they would start paying the higher rate of tax. Now, the standard-rate income-tax band for single-income couples is €44,300 while the band for dual-income couples covers a maximum of a further €26,300 (up to €70,600). If one spouse (of a couple previously earning two salaries) leaves a job voluntarily or through redundancy, the couple loses the value of the second tax band.

### ***Making the taxation system simpler***

Ireland's tax system is not simple. Bristow (2004) argued that "some features of it, notably VAT, are among the most complex in the world". The reasons given to justify this complexity vary but they are focused principally around the need to reward particular kinds of behaviour which are seen as desirable by legislators. This, in effect, is discrimination either in favour of one kind of activity or against

another. There are many arguments against the present complexity and in favour of a simpler system.

Discriminatory tax concessions in favour of particular positions are often very inequitable, contributing far less to equity than might appear to be the case. In many circumstances they also fail to produce the economic or social outcomes which were being sought and sometimes they even generate very undesirable effects. At other times they may be a complete waste of money, since the outcomes they seek would have occurred without the introduction of a tax incentive. Having a complex system has other down-sides. It can, for example, have high compliance costs both for taxpayers and for the Revenue Commissioners.

For the most part, society at large gains little or nothing from the discrimination contained in the tax system. Mortgage interest relief, for example, and the absence of any residential or land-rent tax contributed to the rise in house prices up to 2007. Complexity makes taxes easier to evade, invites consultants to devise avoidance schemes and greatly increases the cost of collection. It is also inequitable because those who can afford professional advice are in a far better position to take advantage of that complexity than those who cannot. A simpler taxation system would better serve Irish society and all individuals within it, irrespective of means.

### 4.3 Key Policy Priorities

*Social Justice Ireland* believes that if the challenges and needed reforms we have highlighted throughout this chapter are to be effectively addressed, Government's key policy priorities in this area should be to:

- increase the overall tax-take;
- adopt policies to broaden the tax base; and
- develop a fairer taxation system.

Policy priorities under each of these headings are listed below.

#### **Increase the overall tax-take**

- Move towards increasing the total tax-take so that sufficient revenue is collected to provide redistribution and public services at average-European levels.

#### **Broaden the tax base**

- Continue to reform the area of tax expenditures and further enhance procedures within the Department of Finance and the Revenue Commissioners to monitor on an on-going basis the cost and benefits of all current and new tax expenditures;

- Continue to increase the minimum effective tax rates on very high earners (those with incomes in excess of €125,000) so that these rates are consistent with the levels faced by PAYE workers;
- Move to negotiate an EU wide agreement on minimum corporate taxation rates (a rate of 17.5 per cent would seem fair in this situation);
- Adopt policies to ensure that corporations based in Ireland pay a minimum effective corporate tax rate of 10 per cent. As an interim measure introduce a 6 per cent rate in the next Budget;
- Impose charges so that those who construct or purchase second homes pay the full infrastructural costs of these dwellings;
- Restore the 80 per cent windfall tax on the profits generated from all land rezonings;
- Join with other EU member states to adopt a financial transactions tax (FTT) and discourage needless and unwelcome financial market speculation;
- Adopt policies which further shift the burden of taxation from income tax to eco-taxes on the consumption of fuel and fertilisers, waste taxes and a land rent tax. In doing this, government should minimise any negative impact on people with low incomes.

#### **Develop a fairer taxation system**

- Apply only the standard rate of tax to all discretionary tax expenditures;
- Make tax credits refundable;
- Accept that where reductions in income taxes are being implemented, they should favour fair options which do not skew the benefits towards higher earners;
- Ensure that individualisation in the income tax system is done in a fair and equitable manner;
- Integrate the taxation and social welfare systems;
- Begin to monitor and report tax levels (personal and corporate) in terms of effective tax rates;
- Develop policies which allow taxation on wealth to be increased;
- Ensure that the distribution of all changes in indirect taxes discriminate positively in favour of those with lower incomes;
- Adopt policies to simplify the taxation system;
- Poverty-proof all budget tax packages to ensure that tax changes do not further widen the gap between those with low income and the better off.

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### **Online databases**

CSO online database, web address: <http://www.cso.ie/en/databases/>

Eurostat online database, web address: <http://ec.europa.eu/eurostat>

## Chapter five

## Chapter 5

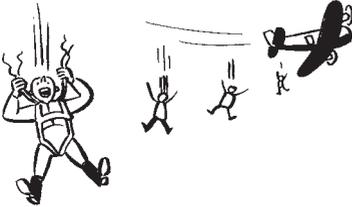
### Work, Unemployment and Job Creation

#### Core Policy Objective:

To ensure that all people have access to meaningful work.



#### Key Issues/Evidence



The phenomenon of widespread unemployment looks set to return once the temporary Covid-19 employment supports are phased out.



There were 6.6 million less hours of work in 2020. The largest impacted sectors are frequently identified as having larger number of female workers and low paid workers.



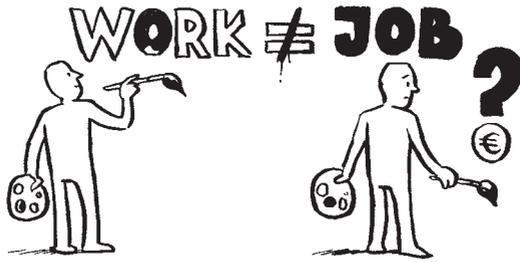
Pre-pandemic labour market issues remain, in particular, long-term unemployment is still a major labour market challenge.



Many workers on temporary Government support payments will be unable to return to work or will only be able to return to working less hours that they wish to have.



Young people have been severely impacted by Covid-19 job losses with data suggesting the existence, and expected future growth, of a severe youth unemployment problem.



Recognise that the term “work” is not synonymous with the concept of “paid employment”. Everybody has a right to work, i.e. to contribute to his or her own development and that of the community and the wider society. Work and a job are not the same thing.



Launch a major investment programme focused on prioritising initiatives that strengthen social infrastructure.



Adopt policies to address the worrying issue of youth unemployment. These should include education and literacy initiatives as well as retraining schemes.



Recognise the challenges of long-term unemployment and of precarious employment and adopt targeted policies to address these.



Resource the up-skilling of those who are unemployed and at risk of becoming unemployed through integrating training and labour market programmes.

## 5.

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## WORK, UNEMPLOYMENT AND JOB CREATION

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### **Core Policy Objective: WORK, UNEMPLOYMENT AND JOB CREATION**

To ensure that all people have access to meaningful work

The scale and severity of the economic collapse one decade ago saw Ireland revert to the phenomenon of widespread unemployment. Despite the attention given to the banking and fiscal collapse, the transition from near full-employment to high unemployment was the most telling characteristic of that recession. It carried implications for individuals, families, social cohesion and the exchequer's finances which were serious. At that time, the unemployment rate peaked at 16 per cent of the labour force at the beginning of 2012. Although recent years saw dramatic improvements in employment and unemployment rates, the outlook for 2021 and 2022 is, once again, very uncertain. The phenomenon of widespread unemployment looks set to return once the temporary Covid-19 employment supports are phased out. Its emergence will frame many of the policy choices and responses in this area in the years to come.

This chapter addresses the topic of Work, Unemployment and Job Creation in three parts. The first (section 5.1) reviews recent trends in Ireland's labour market. Subsequently section 5.2 considers the key policy reforms that arise for various sectors of the working-age population and outlines a series of proposals for responding to current labour market challenges around employment, unemployment and participation. Despite pre-pandemic progress, *Social Justice Ireland* considers that the policy response in a number of areas has been weak. The section concludes with some thoughts on the narrowness of how we consider and measure the concept of 'work'. The chapter concludes (section 5.3) by summarising our key policy priorities in this area<sup>1</sup>.

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<sup>1</sup> The analysis complements information on the measurement of the labour market and long-term trends in employment and unemployment detailed in Annex 5 which is available online at: <http://www.socialjustice.ie/>

If the challenges we address in this chapter are to be effectively addressed, *Social Justice Ireland* believes that Government should<sup>2</sup>:

- Resource the up-skilling of those who are unemployed and at risk of becoming unemployed through integrating training and labour market programmes.
- Launch a major investment programme focused on prioritising initiatives that strengthen social infrastructure, including a comprehensive school building programme and a much larger social housing programme.
- Adopt policies to address the worrying issue of youth unemployment. In particular, these should include education and literacy initiatives as well as retraining schemes.
- Recognise the challenges of long-term unemployment and of precarious employment and adopt targeted policies to address these.
- Recognise that the term “work” is not synonymous with the concept of “paid employment”. Everybody has a right to work, i.e. to contribute to his or her own development and that of the community and the wider society. This, however, should not be confined to job creation. Work and a job are not the same thing.

## 5.1 Key Evidence

### Recent Trends in Employment and Unemployment

The Covid-19 pandemic has brought enormous uncertainty to the Irish labour market and consequently to many families throughout the country. As this section outlines, the pandemic’s labour market impact has been uneven, in particular when judged across age groups, genders and sectors of employment. Furthermore, the uncertainty remains and many of the challenges will only truly reveal themselves as the pandemic’s disruption recedes.

Table 5.1 attempts to identify some of the labour market consequences of the pandemic by comparing CSO data from the final three months of 2020 to those for the same period in 2019. The table also includes the CSO’s Covid-19 adjusted employment and unemployment estimates for December 2020; these represent the lower bound for the true employment indicator and the upper bound for the true unemployment figure. Both estimates assume that most individuals in receipt of the short-term Covid-19 Pandemic Unemployment Payment (PUP) would be unemployed if the payment did not exist. The figures reveal the hidden reality of the pandemic’s labour market impact with pronounced decreases in employment and increases in unemployment. These are in addition to the existing challenges of unemployment (almost 140,000 people), underemployment (over 100,000 workers), a declining participation rate and static levels of long-term unemployment.

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<sup>2</sup> Much greater detail on these and related initiatives is provided later in this chapter.

**Table 5.1:** Ireland's Labour Force Data and Covid-19 Impact, 2019–2020

	2019	2020	Dec 2020-Covid	Covid - impact
Labour Force	2,471,700	2,445,100		
LFPR%	62.7	61.3		
Employment%	70.2	67.8	57.5	- 10
Employment	2,361,200	2,306,200	1,970,609	- 335,591
<i>Full-time</i>	1,868,300	1,871,200		
<i>Part-time</i>	492,900	434,900		
<i>Underemployed</i>	108,400	101,400		
Unemployed%	4.5	5.7	19.4	+ 14
Unemployed	110,600	138,900	468,655	+ 329,755
LT Unemployed%	1.6	1.5		
LT Unemployed	38,700	36,800		
Potential Additional LF	98,700	162,500		

**Source:** CSO, LFS Quarter 4 2020 and associated releases (CSO, 2021)

**Notes:** Data is for Quarter 4 2019, 2020 and the Covid impact estimates for December 2020.

LFPR = ILO labour force participation rate and measures the percentage of the adult population who are in the labour market.

Employment% is for those aged 15-64 years.

Underemployment measures part-time workers who indicate that they wish to work additional hours which are not currently available.

LT = Long Term (12 months or more). LF = Labour Force.

An insight into the sectoral impact of these labour market changes is provided by an assessment of the change in the total number of hours worked in Ireland between late 2019 and 2020 (Table 5.2). Overall, there were 6.6 million less hours of work completed; either through job losses, declines in economic activity, Covid-19 related closures or reduced work hours and opportunities. However, the distribution of these reductions varies dramatically across economic sectors. Some areas saw small increases, or small declines and these contrast with dramatic reductions for sectors such as accommodation and food services (-53 per cent), cultural and recreational (-36 per cent), administrative services (-34 per cent), transport (-13 per cent), construction (-13 per cent) and retail (-5 per cent). The largest impacted

sectors are frequently identified as having a larger number of female workers and low paid workers.<sup>3</sup>

**Table 5.2:** Change in Total Hours Worked, Q4 2019- Q4 2020

	2019	2020	Change	% Change
<b>All Employment</b>	<b>77.4m</b>	<b>70.8m</b>	<b>-6.6m</b>	<b>-8.5%</b>
<i>By economic sector:</i>				
Accommodation and food service	5.1m	2.4m	-2.7m	-52.9%
Other activities (cultural and recreational)	3.3m	2.1m	-1.2m	-36.4%
Administrative and support services	3.5m	2.3m	-1.2m	-34.3%
Transportation and storage	3.7m	3.2m	-0.5m	-13.5%
Construction	5.5m	4.8m	-0.7m	-12.7%
Wholesale and retail	9.5m	9.0m	-0.5m	-5.3%
Human health and social work	8.9m	8.5m	-0.4m	-4.5%
Education	5.1m	5.0m	-0.1m	-2.0%
Financial, insurance and real estate	4.1m	4.1m	0.0m	0.0%
Professional, scientific and technical	4.9m	4.9m	0.0m	0.0%
Information and communication	4.7m	4.8m	0.1m	+2.1%
Agriculture, forestry and fishing	4.6m	4.7m	0.1m	+2.2%
Public administration and defence	4.0m	4.1m	0.1m	+2.5%
Industry	10.3m	10.7m	0.4m	+3.9%

**Source:** CSO Labour Market Insight Bulletin, Series 5 Q4 2020 – Feb 2021

**Notes:** Data is for the final three months of 2019 and 2020

<sup>3</sup> The CSO estimates do not provide a gender breakdown.

One of the major labour market concerns for the next few years is that many of these lost hours, or workers on temporary Government support payments, will be unable to return to work or will only be able to return to working less hours that they wish to have. As a result, the challenges of unemployment and underemployment look set to grow bigger.

Throughout the pandemic, the CSO's Labour Force Survey (LFS) has included special questions for those in receipt of Covid-19 income support payments; either the PUP or the Employment Wage Subsidy Scheme (EWSS). Table 5.3 presents the results from the final three months of 2020 to the question asking individuals if they expect to return to employment. While most have or expect to return (79 per cent of recipients) one-fifth do not expect to return to their previous employment. In the absence of other employment opportunities, this suggests the potential for a transfer of these individuals from these schemes to jobseekers payments. At the end of 2020 there were approximately 335,000 individuals receiving the PUP at approximately 300,000 employees receiving the EWSS.<sup>4</sup> Post-pandemic, this suggests that the unemployment rate may climb to between 10 and 12 per cent of the labour force.

**Table 5.3:** Expectation of Return to Work by Covid-19 income Support Recipients, 2020

	PUP recipients	EWSS recipients	All
Yes, expect to return to the same job	64.4%	41.3%	33.3%
Yes, have already returned to the same job	14.3%	51.6%	45.7%
No	21.3%	7.1%	21.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: CSO Labour Market Insight Bulletin, Series 5 Q4 2020 (Feb 2021)

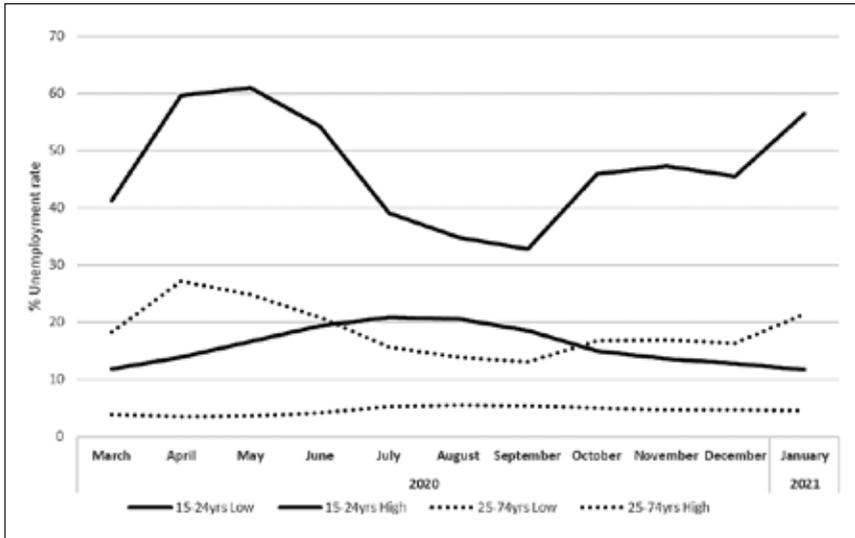
Notes: Data is for the final three months of 2020

The impact of the pandemic has also differed by age group. Chart 5.1 reports the CSO's unemployment estimates from March 2020 to January 2021 for those aged 15-24 years (youth unemployment) and those aged above this. They provide two estimates of unemployment, a low estimate which reflects the normal measure of individuals without work and seeking work and a high estimate which add to

<sup>4</sup> As of January 2021, the CSO have been unable to release data for the Revenue Commissioners administered EWSS although estimates have been provided as part of parliamentary replies. The January 2021 PUP figure was considerably higher at 479,000 individuals.

this all of those in receipt of the PUP. If all claimants of the PUP were classified as unemployed, the CSO's COVID-19 adjusted unemployment measure indicates an overall rate of 25 per cent in January 2021; 25.9 per cent for males and 24.1 per cent for females. Breaking these results down by broad age group, the estimate is 56.4 per cent for those aged 15 to 24 years and 21.4 per cent for those aged over 25 years. The data suggest the existence, and expected future growth, of a severe youth unemployment problem. Addressing this challenge will frame a core part of the policy response to the crisis in the period ahead.

**Chart 5.1:** Estimated Unemployment Rates during Covid-19, 2020-2021



**Source:** CSO on-line database, Monthly Unemployment estimates

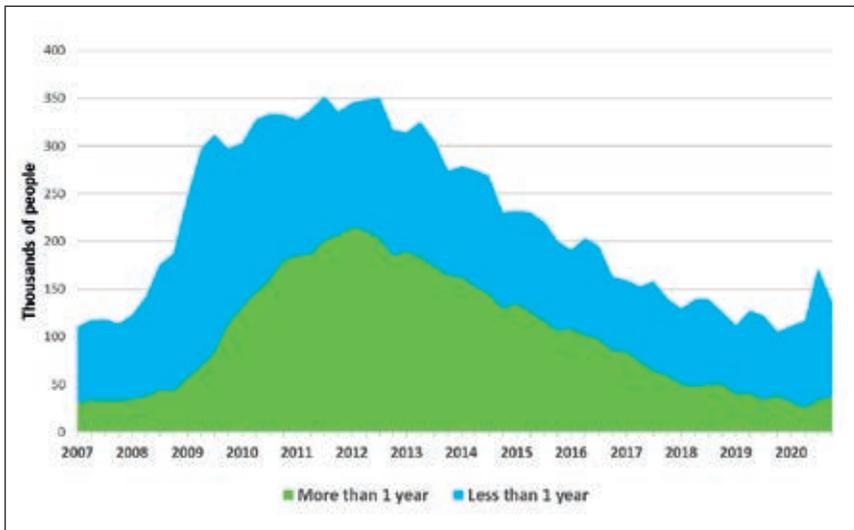
**Note:** The low estimate is the traditional LFS unemployment figure, the high estimate includes all those in receipt of the PUP.

Alongside these emerging challenges, it is important not to overlook the pre-pandemic labour market issues that remain, although they are somewhat hidden by the severity of the short-term labour market impacts. In particular, long-term unemployment remains a major labour market challenge. The number of long-term unemployed was 33,300 in 2007 and increased to exceed 200,000 by 2012 before falling again to almost 37,000 in 2020 (see Table 5.1). For the first time on record, in late 2010 the Labour Force Survey (LFS) data indicated that long-term unemployment accounted for more than 50 per cent of the unemployed. It took from then until late 2017 for this number to consistently drop below that threshold, reaching 26.5 per cent of the unemployed in the fourth quarter of 2020. As Chart 5.2 shows, the transition to these high levels was rapid and it is of concern that we might once again experience such a change. The experience of the 1980s showed

the dangers and long-lasting implications of an unemployment crisis characterised by high long-term unemployment rates. It remains a policy challenge that Ireland's level of long-term unemployment remains high and that it is a policy area which receives limited attention.

Addressing a crisis such as this is a major challenge and we outline our suggestions for targeted policy action later. However, it is clear that reskilling many of the unemployed, in particular those with low education levels, will be a key component of the response. Using data for the third quarter of 2019, 48 per cent of the unemployed had no more than second level education with 20 per cent not having completed more than lower secondary (equivalent to the Junior Certificate). Post-pandemic, as employment recovers and as unemployment declines, *Social Justice Ireland* believes that major emphasis should be placed on those who are trapped in long term unemployment – particularly those with the lowest education levels.

**Chart 5.2:** Long-Term Unemployment in Ireland, 2007-2020



**Source:** CSO, LFS on-line database

**Note:** Long term unemployment is defined as those unemployed for more than one year

Previous experiences, in Ireland and elsewhere, have shown that many of those under 25 and many of those over 55 find it challenging to return to employment after a period of unemployment. This highlights the danger of the aforementioned expected increases in long-term unemployment and the potential for the emergence of a large structural unemployment problem in the years immediately ahead. Given this, *Social Justice Ireland* believes that a major commitment to retraining and re-skilling will be required in the years ahead.

## 5.2 Key Policies and Reforms

### Upskilling and Retaining the Unemployed

The emerging unemployment crisis necessitates that Government now develops a suite of policy interventions to upskill and retain those who are already unemployed and those likely to join the unemployed in the months ahead. Live Register data offer a useful insight into the skills and experience of a large proportion of those who should be the target of these policy developments. Table 5.4 presents a breakdown of the January 2021 Live Register number by people's last occupation, and also examines the differences between those over and under 25 years. Among this group, the figures highlight the need for targeted retraining of people who hold skills in sectors of the economy that are unlikely to return to the employment levels of the pre-pandemic period. As such, they frame several of the challenges for upskilling and retraining of many unemployed and underemployed individuals.

**Table 5.4:** Persons on Live Register by Last Occupation – January 2021

Occupational group	Overall	Under 25 yrs	Over 25 yrs
Managers and administrators	10,073	189	8,599
Professional	11,647	499	10,471
Associate prof. and technical	6,446	391	6,564
Clerical and secretarial	19,728	898	16,817
Craft and related	31,393	2,024	25,940
Personal and protective service	24,613	2,186	21,011
Sales	17,845	2,829	13,777
Plant and machine operatives	27,420	2,389	22,981
Other occupation	23,156	2,828	20,086
No occupation	11,434	6,786	21,278
<b>Total</b>	<b>183,755</b>	<b>21,019</b>	<b>167,524</b>

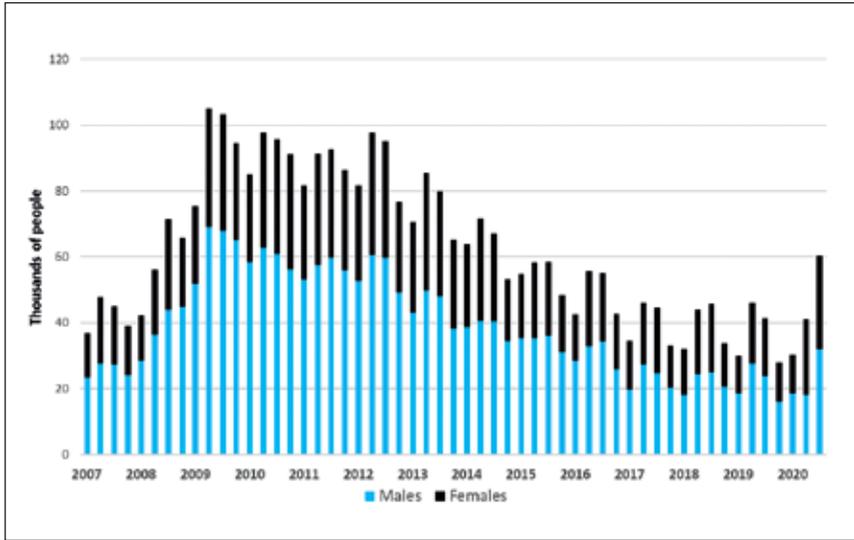
Source: CSO Live Register on-line database.

### Tackling Youth Unemployment

As Charts 5.2 and 5.3 illustrate, youth unemployment is already a major labour market policy challenge and is likely to increase significantly in the period ahead. Chart 5.2 highlights the very rapid increase in the numbers unemployed under 25 years-of-age as the 2008-2011 economic crisis unfolded. The numbers in this group more than doubled between 2007 and 2009, peaking at almost 105,000 in Quarter 2

2009. Since then decreases have occurred, reaching 39,000 in 2019 before climbing again to 60,000 in late 2020.

**Chart 5.3:** Youth Unemployment by Gender 2007-2020



Source: CSO, LFS on-line database.

As youth unemployment looks set to dramatically increase, there is merit in giving it particular attention. Experiences of unemployment, and in particular long-term unemployment, alongside an inability to access any work, training or education, tends to leave a ‘scarring effect’ on young people. It increases the challenges associated with getting them active in the labour market at any stage in the future.

In the short-term it makes sense for Government to invest in the ‘youth unemployed’ and *Social Justice Ireland* considers this to be a central priority.

### Addressing Underemployment and Precarious Employment

The figures in Table 5.1 also point towards the growth of various forms of part-time and precarious employment over recent years. While the number of people employed is higher now than in most years since 2007 among these jobs, part-time employment has become a more frequent occurrence and now represents almost one in five jobs. Within those part-time employed it is worth focusing on those who are underemployed, that is working part-time but at less hours than they are willing to work. By the fourth quarter of 2020 the numbers underemployed stood at 101,400 people, 4.4 per cent of the total Labour Force and about one-quarter of all part-time employees.

Judged over time, the CSO labour force data suggest the emergence of a greater number of workers in precarious employment situations. The growth in the number of individuals with less work hours than ideal, as well as those with persistent uncertainties concerning the number and times of hours required for work, is a major labour market challenge and one which may grow in the period ahead. Aside from the impact this has on the well-being of individuals and their families, it also impacts on their financial situation and adds to the working-poor challenges we outlined in Chapter 3. There are also impacts on the state, given that the Working Family Payment (formerly known as Family Income Supplement (FIS)) and the structure of jobseeker payments tend to lead to Government subsidising these families' incomes, and indirectly subsidising some employers who create persistent precarious employment patterns for their workers.

*Social Justice Ireland* believes that now is the time to adopt substantial measures to address and eliminate these problems. Our commitment to the development and adoption of a Living Wage (see Section 3.2) reflects this. Also in that context, the establishment of the Low Pay Commission is a welcome development. It is important that this group provides credible solutions to these labour market challenges and that such proposals are implemented.

### **Boosting Labour Force Participation**

Increasing labour force participation, in particular among women, represents a further policy challenge for labour market policy. As Table 5.5 illustrates, the proportion of individuals who are actively participating in the labour market has declined since 2007 despite the overall growth in employment.

Policy responses to this challenge need to be broad-based, and include initiatives addressing childcare provision and affordability, retraining, family-friendly employment strategies and enhanced employment quality. It is important that we remember these participation rates, and the challenges they imply, as we review priorities for the recovery in employment and decreases in unemployment in the period ahead.

**Table 5.5:** Labour Force Participation Rates by Gender, 2007-2020

	2007	2012	2020	Change 07-20
Both sexes	66.2	61.2	61.3	-4.9
Males	75.8	68.3	67.5	-8.3
Females	56.8	54.4	55.3	-1.5
<b>Gender Gap*</b>	<b>19.0</b>	<b>13.9</b>	<b>12.2</b>	

**Source:** CSO, LFS on-line database.

**Note:** \* the gender gap is the difference in percentage points between male and female participation levels.

## Work and People with Disabilities

Results from Census 2016 provide the most recent insight into the scale and nature of disability in Ireland. In a document published in November 2017, the CSO reported that a total of 643,131 people had a disability in Ireland; equivalent to 13.5 per cent of the population. The most common disability was a difficulty with pain, breathing or other chronic illness which was experienced by 46.1 per cent of all people with a disability. This was followed by a difficulty with basic physical activities, experienced by 40.9 per cent. The report found that both these disabilities were strongly age-related. It also showed that 1.2 per cent of the population were blind or had a sight related disability (54,810 people); 1.4 per cent of the population suffered from an intellectual disability (66,611 people); 2.2 per cent of the population were deaf or had a hearing related disability (103,676 people); 2.6 per cent of the population had a psychological or emotional condition (123,515 people); 3.3 per cent of the population had a difficulty with learning, remembering or concentrating (156,968 people); 5.5 per cent of the population had a difficulty with basic physical activities (262,818 people); and 6.2 per cent of the population had a disability connected with pain, breathing or another chronic illness or condition (296,783 people)<sup>5</sup>.

The Census 2016 data also revealed that there was 176,445 persons with a disability in the labour force, representing a participation rate of 30.2 per cent; less than half that for the population in general. These findings reflect earlier results from Census 2011 (CSO, 2008), the 2006 National Disability Survey (CSO, 2010) and a QNHS special module on disability (CSO, 2004).

A 2017 ESRI report examined the employment transitions of people with a disability and found that among those of working age most (82 per cent) had worked at some stage in their life but that 35 per cent had been without work for more than four years (Watson et al, 2017). It also found that were Government policy to facilitate the employment of people with a disability who want to work, some 35,600 additional people with a disability would join the active workforce; a figure equivalent to 1.5 per cent of the 2017 labour force (Watson et al, 2017:56).

This low rate of employment among people with a disability is of concern. Apart from restricting their participation in society it also ties them into State-dependent low-income situations. Therefore, it is not surprising that Ireland's poverty figures reveal that people who are ill or have a disability are part of a group at high risk of poverty (see Chapter 3).

*Social Justice Ireland* believes that further efforts should be made to reduce the impediments faced by people with a disability to obtain employment. In particular, consideration should be given to reforming the current situation in which many such people face losing their benefits, in particular their medical card, when they

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<sup>5</sup> Note, some individuals will experience more than one disability and feature in more than one of these categories.

take up employment. This situation ignores the additional costs faced by people with a disability in pursuing their day-to-day lives. For many people with disabilities the opportunity to take up employment is denied to them and they are trapped in unemployment, poverty, or both.

Some progress was made in Budget 2005 to increase supports intended to help people with disabilities access employment. However, sufficient progress has not been made and subsequent Budgets reduced these services. New policies, including that outlined above, need to be adopted if this issue is to be addressed successfully.

### **Asylum Seekers and Work**

During February 2018 the Supreme Court formally declared the absolute ban preventing asylum seekers taking up work as unconstitutional. The declaration followed an initial decision in May 2017 with the court giving the Government time to adopt new legislation and procedures to accommodate the decision. In effect, the Government failed to do so, and the Supreme Court removed the ban.

*Social Justice Ireland* welcomed this long overdue recognition; we had called for policy reform in this area for some time. We recognised that, at the root of these problems are issues regarding the effectiveness of the current system of processing asylum applications. Along with others, we have consistently advocated that where Government fails to meet its own stated objective of processing asylum applications in six months, the right to work should be automatically granted to asylum seekers. We therefore welcome the inclusion in the Government's recently published White Paper to End Direct Provision and to Establish a new International Protection Support Service (Government of Ireland, 2021) of the entitlement to access employment if a person's first instance decision has not been received within six months of applying for International Protection and the further provision of employment activation supports and links to employer networks.

### **Acknowledging the Work of Carers**

The work of Ireland's carers receives minimal recognition despite the essential role their work plays in society. Results from the 2016 Census offered an insight into the scale of these commitments, which save the state large costs that it would otherwise have to bear.

Census 2016 found that 4.1 per cent of the population provided some care for sick or disabled family members or friends on an unpaid basis. This figure equates to 195,263 people. The dominant caring role played by women was highlighted by the fact that 118,151 (60.5 per cent) of these care providers were female<sup>6</sup>. When assessed by length of time, the census found that a total of 6,608,515 hours of care were provided by carers each week, representing an average of 38.3 hours of unpaid

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<sup>6</sup> A CSO QNHS special module on carers (CSO, 2010) and a 2008 ESRI study entitled '*Gender Inequalities in Time Use*' found similar trends (McGinnity and Russell, 2008:36, 70).

help and assistance each. Two thirds of this volume of care was provided by female carers. Using the minimum wage as a simple (if unrealistically low) benchmark to establish the benefit which carers provide each year suggests that Ireland's carers provide care valued at more than €3.4bn per annum<sup>7</sup>.

*Social Justice Ireland* welcomed the long overdue publication of a *National Carers Strategy* in July 2012 (Department of Health, 2012). The document included a 'roadmap for implementation' involving a suite of actions and associated timelines, and identified the Government Department responsible for their implementation. However, these actions were confined to those that could be achieved on a cost neutral basis. Various progress reports of the strategy have been published to date and point towards some progress on the actions set out. However, these are, as a group, limited given the unwillingness of Government to allocate sufficient resources to supporting those in this sector.

*Social Justice Ireland* believes that further policy reforms should be introduced to reduce the financial and emotional pressures on carers. In particular, these should focus on addressing the poverty experienced by many carers and their families alongside increasing the provision of respite care for carers and for those for whom they care. In this context, the 24 hour responsibilities of carers contrast with the improvements over recent years in employment legislation setting limits on working-hours of people in paid employment.

### **Recognising All Work**

A major question raised by the current labour-market situation concerns assumptions underpinning culture and policymaking in this area. The priority given to paid employment over other forms of work is one such assumption. Most people recognise that a person can be working very hard outside a conventionally accepted "job". Much of the work carried out in the community and in the voluntary sector comes under this heading. So too does much of the work done in the home. *Social Justice Ireland's* support for the introduction of a basic income system comes, in part, because it believes that all work should be recognised and supported (see Chapter 3).

The need to recognise voluntary work has been acknowledged in the Government White Paper, *Supporting Voluntary Activity* (Department of Social, Community and Family Affairs, 2000). The report was prepared to mark the UN International Year of the Volunteer 2001 by Government and representatives of numerous voluntary organisations in Ireland. The report made a series of recommendations to assist in the future development and recognition of voluntary activity throughout Ireland. A 2005 report presented to the Joint Oireachtas Committee on Arts, Sport, Tourism, Community, Rural and Gaeltacht Affairs also provided an insight into this issue. It established that the cost to the state of replacing the 475,000 volunteers working for charitable organisations would be at least €205 million and could be as high as

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<sup>7</sup> Calculation based on 2016 minimum wage of €9.15 per hour.

€485 million per year. In August 2019, the Department of Rural and Community Development published Sustainable, Inclusive and Empowered Communities: A Five-Year Strategy to Support the Community and Voluntary Sector in Ireland 2019-2024 (Department of Rural and Community Development, 2019). This Strategy sets out the vision for community and voluntary sector development over the next five years. It contains a series of 11 policy objectives across all stakeholders, from Public Participation Networks to civil society organisations to local and national Governments.

*Social Justice Ireland* believes that government should recognise, in a more formal way, all forms of work. We believe that everyone has a right to work, to contribute to his or her own development and that of the community and wider society. We also believe that policymaking in this area should not be exclusively focused on job creation. Policy should recognise that *work* and a *job* are not always the same thing.

### 5.3 Key Policy Priorities

*Social Justice Ireland* believes that if the challenges and needed reforms we have highlighted throughout this chapter are to be effectively addressed, Government's key policy priorities in this area should be to:

- Resource the up-skilling of those who are unemployed and at risk of becoming unemployed through integrating training and labour market programmes.
- Launch a major investment programme focused on prioritising initiatives that strengthen social infrastructure, including a comprehensive school building programme and a much larger social housing programme.
- Adopt policies to address the worrying issue of youth unemployment. In particular, these should include education and literacy initiatives as well as retraining schemes.
- Recognise the challenges of long-term unemployment and of precarious employment and adopt targeted policies to address these.
- Recognise that the term “work” is not synonymous with the concept of “paid employment”. Everybody has a right to work, i.e. to contribute to his or her own development and that of the community and the wider society. This, however, should not be confined to job creation. Work and a job are not the same thing.

*Social Justice Ireland* believes that in the period ahead Government and policymakers generally should:

- Expand funded programmes supporting the community to meet the growing pressures throughout our society.
- Establish a new programme targeting those who are very long-term unemployed (i.e. 5+ years).

- Ensure that at all times policy seeks to ensure that new jobs have reasonable pay rates, and adequate resource are provided for the labour inspectorate.
- Adopt policies to address the working poor issue including a reform the taxation system to make the two main income tax credits refundable.
- Develop employment-friendly income tax policies which ensure that no unemployment traps exist. Policies should also ease the transition from unemployment to employment.
- Adopt policies to address the obstacles facing women when they return to the labour force. These should focus on care initiatives, employment flexibility and the provision of information and training.
- Reduce the impediments faced by people with a disability in achieving employment. In particular, address the current situation in which many face losing their benefits, including the medical card, when they take up employment.
- Fully implement the employment activation proposals set out in the White Paper to end Direct Provision and to Establish a new International Protection Support Service.
- Give greater recognition to the work carried out by carers in Ireland and introduce policy reforms to reduce the financial and emotional pressures on carers. In particular, these should focus on addressing the poverty experienced by many carers and their families, as well as on increasing the provision of respite opportunities to carers and to those for whom they care.
- Request the CSO to conduct an annual survey to discover the value of all unpaid work in the country (including community and voluntary work and work in the home). Publish the results of this survey as soon as they become available.
- Recognise that the term “work” is not synonymous with the concept of “paid employment”. Everybody has a right to work, i.e. to contribute to his or her own development and that of the community and the wider society. This, however, should not be confined to job creation. *Work* and a *job* are not the same thing.

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## **Online database**

CSO online database, web address: <http://www.cso.ie/en/databases/>



## Chapter six

## Chapter 6

### Housing and Accommodation

#### Core Policy Objective:

To ensure that adequate and appropriate accommodation is available for all people and to develop an equitable system for allocating resources within the housing sector.

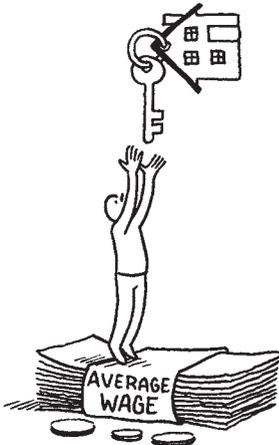


#### Key Issues/Evidence

Reliance on private sector for solutions (insufficient and expensive).



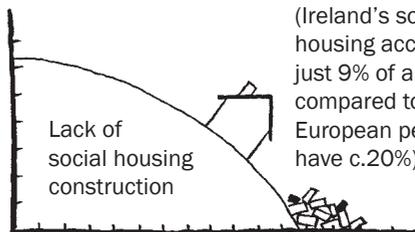
Increased homelessness (from 6,525 in July 2016 when Rebuilding Ireland began to 8,200 in December 2020).



Both rents and purchases are unaffordable, particularly for single people and those on an average wage.



Institutionalisation of homeless families - 543 children have been homeless for two years or more as of December 2020



(Ireland's social housing accounts for just 9% of all housing, compared to our European peers who have c.20%).

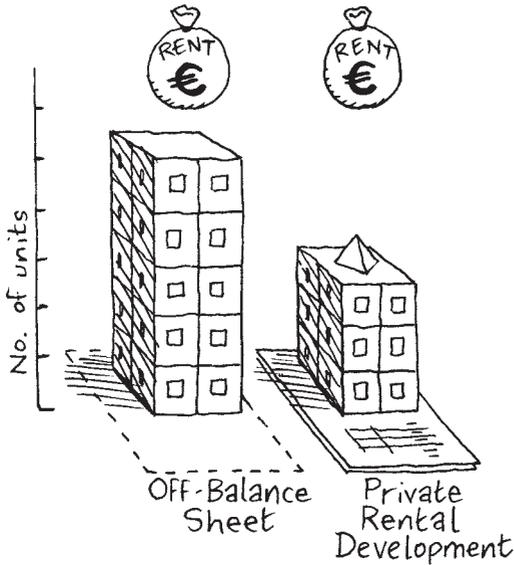
## Policy Solutions



Housing First with wraparound services extended to families.



Increase the provision of social housing to a target of 20% of all housing.



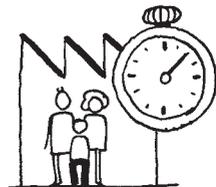
Introduce cost rental as an affordable rental model.



State investment in social and affordable housing.



Ensure no state land suitable for housing is sold to private developers



Limit the time families spend in Family Hubs.

## 6.

# HOUSING AND ACCOMMODATION

### **Core Policy Objective: HOUSING & ACCOMMODATION**

To ensure that adequate and appropriate accommodation is available for all people and to develop an equitable system for allocating resources within the housing sector.

The provision of adequate, and appropriate accommodation is a key element of *Social Justice Ireland's* Social Contract framework as outlined in Chapter 2. To achieve this objective in the years ahead, *Social Justice Ireland* believes that the Government must:

- Set a target of 20 per cent of all housing stock to be social housing and achieve this through building more social housing.
- Establish a Commission on Housing
- Increase the provision of 'Housing First' accommodation for families in emergency accommodation, with wraparound supports to include public health nurses, dieticians, speech and language therapists, physical therapists, and mental health workers.
- Introduce legislation to limit the length of time families can spend in Family Hubs and other emergency accommodation.
- Allow local authorities and Approved Housing Bodies pool resources to finance this increased supply in a sustainable way.
- Ensure that no State land suitable for housing is sold by a Local Authority or State agency.
- Utilise existing housing development models to reduce the average price of a family home to below €220,000.
- Develop a system of affordable rent through the cost rental model, financed 'off-balance-sheet' to allow for supply to scale up without adding to the general government debt.
- Increase the rate of Local Authority rent inspections.

- Resource the enforcement of legislation targeting short-term lettings.
- Commence the legislation bringing a statutory tenant deposit scheme into effect (enacted in 2015).
- Enforce the Vacant Site Levy.
- Introduce sanctions for local authorities who do not utilise funding available to provide safe, sustainable Traveller accommodation.
- Review the Mortgage to Rent scheme for those in late-stage mortgage arrears.
- Introduce the reforms of the Personal Insolvency Legislation committed to the Programme for Government.
- Develop a spectrum of housing supports for people with disabilities.

## 6.1 Key Evidence

### Context – Covid-19

The availability of secure housing with adequate sanitation facilities proved to be part of the front-line defence in the Covid-19 pandemic. Governments issued stay in place orders, limiting movements to suppress the spread of the infection. Health policies were based on the presumption that everybody had somewhere to stay and that this place was safe, secure and adequate to meet the health needs of everybody on the premises. As the then UN Special Rapporteur on the Right to Adequate Housing stated,

In order to prevent the spread of Covid-19, States across the world are asking, and in some cases, legislating that people “stay at home”. This is based on the assumption that one’s home provides protection against contracting and spreading the virus. This is not always the case.<sup>1</sup>

Decades of inadequate, and sometimes damaging, housing policies resulted in an estimated 14,700 households – the homeless living in shared accommodation, asylum seekers in Direct Provision centres, Travellers, overcrowded households on the social housing waiting lists and women and children in domestic violence refuges - unable to social distance<sup>2</sup> in March 2020.

However, there was some good news. Government introduced a series of moratoria on evictions of tenants who could not pay their rent due to Covid-19-related income losses. Banks were encouraged to offer moratoria for households who could not afford to pay their mortgage. The increased rate of the Pandemic Unemployment Payment and Temporary Wage Subsidy Scheme (now Employee Wage Subsidy

<sup>1</sup> <https://www.justiceinitiative.org/publications/protecting-the-right-to-housing-during-the-covid-19-crisis>

<sup>2</sup> <https://www.socialjustice.ie/content/policy-issues/inadequate-housing-means-c14700-households-unable-social-distance>

Scheme) kept income flowing to households to help pay the bills<sup>3</sup>. It is likely that these measures contributed to the reduction in people accessing emergency accommodation throughout 2020, discussed further below, and prevented additional homelessness.

We estimate that an additional 140,000 people will be unemployed when we come through the Covid-19 crisis (see Chapter 5). If we are to avoid an immediate and sharp increase in homelessness and mortgage arrears, Government must taper income supports and target employment activation programmes at this new cohort of the unemployed.

### **Population Expansion**

Population projections indicate that Ireland’s demographics are due to shift from a relatively young population as it is now, to one with a significant proportion of older people by 2051 and is expected to grow considerably over the next 35 years (Hegarty, 2019). This expanding population needs accommodation that is suitable to their needs and supports both family formation and increasing age. In its Economic Letter – *Population Change and Housing Demand in Ireland*, the Central Bank of Ireland indicated that 27,000 houses were needed per annum between 2011 and 2019 (Confey & Staunton, 2019). Residential construction completions during this period averaged over 10,000 per annum (see Chart 6.1), implying a “significant degree of unmet housing need over this period.” (Confey & Staunton, 2019, p. 14). This unmet need demands that construction be increased substantially if we are to meet existing need and look to keep pace with demographic change. Housing type mix is just as important as volume allowing people to stay within their communities as their housing needs expand and contract over time. One bedroomed apartments located close to home for young people starting out, larger houses then as people start families and back to smaller sized houses as they age and their household contract. And all within the same community allowing for ties and links to services and supports to be maintained.

### **Current Housing Supply**

#### ***Construction***

Census 2016 puts the current housing stock at 2,003,645 in 2016, of which just under 1.7 million are occupied and over 180,000 are vacant units, excluding holiday homes (Central Statistics Office, 2017a).

Pillar Three of Rebuilding Ireland, a housing policy which is proven to have failed but which a new Government in place since mid-2020 has continued, concerned building more homes, with the primary objective being to “Increase the supply of private housing to meet demand at affordable prices”. The key action to deliver this objective was the doubling of output to deliver over 25,000 units per annum on

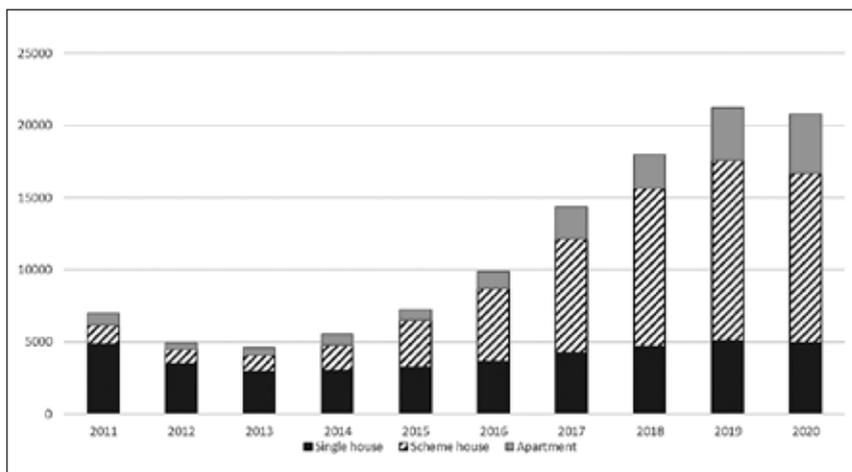
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<sup>3</sup> More detail on the Pandemic Unemployment Payment and the Employee Wage Subsidy Scheme is contained in Chapters 3 and 5 of this book.

average during the period of the plan, 2017-2021. This has since been revised to a target of 25,000 built every year in the period to 2021.

Figures released by the CSO in 2018 showed that housing construction between 2011 and 2017 had been continuously overestimated through the use of ESB Connections data as a substitute for an actual dwelling completions count. The CSO has been collating this data since, with the latest results set out in Chart 6.1. While new dwelling construction has increased since 2013, between 2017 and 2020 (the lifespan of Rebuilding Ireland), a total of just 74,371 dwellings were built (14,368 in 2017, 17,995 in 2018, 21,214 in 2019 and despite a Q2 dip due to site closures, 20,794 in 2020) all considerably less than the target of 25,000 per annum (Central Statistics Office, 2020a). From 2011 to 2014, two thirds of all new dwelling completions comprised of single units, while less than a quarter comprised of scheme developments. Between 2015 and 2020, this trend has reversed with less than one third (28 per cent) of all new dwellings in that period comprising of single units compared to over half (56 per cent) attributed to schemes. The number of apartments being built has risen steadily since 673 completed in 2015 to 4,118 in 2020.

**Chart 6.1:** New Dwelling Completions 2011 to 2020



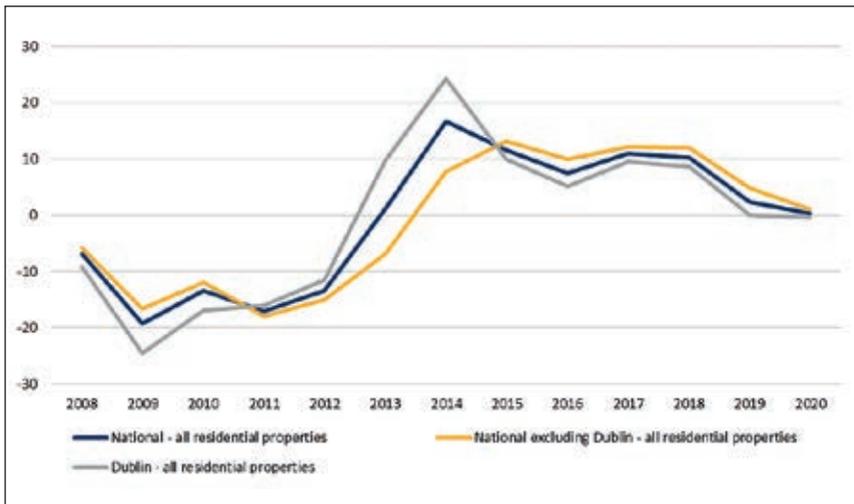
**Source:** CSO, New Dwelling Constructions by Type of House and Quarter, Statbank [NDQ01]

While the number of new dwelling completions being delivered is still below what is required to keep pace with demographic changes and accounting for obsolescence, the upward overall trend, and that of scheme developments, is a positive sign. However, dwelling completions are not of themselves enough to address our current housing crisis. This increase needs to be reflected in the provision of social and affordable (really affordable) housing and long-term private rental solutions.

In their exploration of housing affordability in the Irish housing market based on SILC data, the ESRI found that, on average households, were paying one-fifth of their income on housing costs (that is, mortgage or rent only) in 2016, but that there was substantial variation across households. Those paying a higher proportion of their income include those living in Dublin and the surrounding Mid-East region and low-income households, in particular those households in the bottom income quartile were spending on average between two-fifths to more than half of their income on housing costs, depending on tenure (Corrigan, McQuinn, O’Toole, & Slaymaker, 2019).

According to the CSO’s Residential Property Price Index, the percentage change over 12 months of residential properties in the State, Dublin and the State excluding Dublin have followed a similar trajectory since 2008, falling slightly in 2009 (with a considerable drop in Dublin of 24.5 per cent), before increasing from 2011 and levelling somewhat between 2014 and 2020 (Chart 6.2). The average sale price for a residential property in Ireland in 2018 was in excess of €297,043, with Dublin commanding an average of over €445,311 (Central Statistics Office, 2020b).

**Chart 6.2:** Percentage Change over 12 Months for Residential Property Price Index, National, Dublin and National excluding Dublin, 2008 to 2020

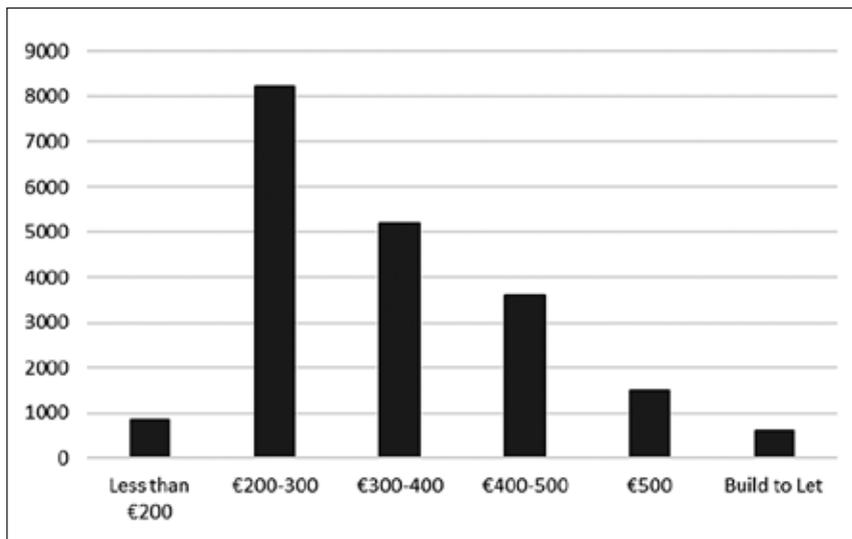


Source: Extracted from CSO, Residential Property Price Index by Type of Residential Property, Year and Statistic

To increase housing affordability and availability, Rebuilding Ireland also introduced the Local Infrastructure Housing Activation Fund (LIHAF), a €200 million fund to develop supporting infrastructure on lands used for housing developments. According to the LIHAF Information Table available on the Rebuilding Ireland

website<sup>4</sup>, an estimated 19,979 housing units are projected to be delivered with the support of LIHAF by 2021. Of these, 3,274 will be social or Part V housing, 2,350 will be Affordable Housing units from statutory or administrative schemes, and 5,636 will be Cost Reduced Housing units (that is, where a commitment has been made to provide reductions on the market price on private units available directly to the public). To gauge affordability, the average cost of a 3-bed house in 2017 is provided by Local Authorities in respect of projects submitted for LIHAF funding. Two out of five units (8,229) will be in an area with an average price of between €200,000 and €300,000, more than one in four (26 per cent, 5,200 units) will be in an area with an average price of between €300,000 and €400,000 and 17 per cent (3,592 units) will be in an area with an average price of between €400,000 and €500,000 (Chart 6.3). Average price information is not provided in respect of 620 units that are “expected to be mainly build to rent apartments” in Cork City. These units will include the 10 per cent social housing allocation and an additional 40 units in receipt of an affordable rent credit to nominees of the Local Authority or any other statutory body for a period of 25 years (similar terms to the Rental Assistance Scheme). Essentially, the State is subsidising buy to lets through the LIHAF.

**Chart 6.3:** LIHAF Projects, Average Price of a 3-bed house in 2017 (€,000)



Source: Rebuilding Ireland, LIHAF Information Table

These prices are beyond what most average earners can afford, particularly with the imposition of a loan to value and loan to income limits on borrowing by the

<sup>4</sup> <https://rebuildingireland.ie/LIHAF/>

Central Bank of Ireland<sup>5</sup>. A first-time buyer household with a 10 per cent deposit would have to have gross income of between €51,428 and €77,142 per annum to afford a home priced at between €200,000 and €300,000. While first time buyers looking to buy at the higher end of the scale (€500,000 +) would have to earn at least €128,571 per annum. Even the lowest priced, suburban apartment would still require an income of at least €98,000 per annum.<sup>6</sup> These can hardly be considered affordable properties when average earnings in 2019 were €40,283 (Central Statistics Office, 2020c).

In October 2020, *Social Justice Ireland* expressed regret at the extension of the Help to Buy Scheme in Budget 2021. This Scheme was introduced to provide support for first time buyers saving for a deposit on a newly built home, thereby also stimulating activity in the construction sector. Originally set to expire in 2019, Budget 2020 extended the Scheme to 2021, notwithstanding considerable cost overruns.

Data available from Revenue show that the total value of approved claims as of 30 September 2020 was €310.7 million, with a further €10.2m pending. Between August 2019 and end-September 2020, the cost was €104.3 million. The aim of the scheme was to allow first time buyers reach the 10 per cent deposit required under the Central Bank's macroprudential rules. Up to September 2020, almost 41 per cent had a loan to value of less than 85 per cent, meaning they already had the necessary deposit.

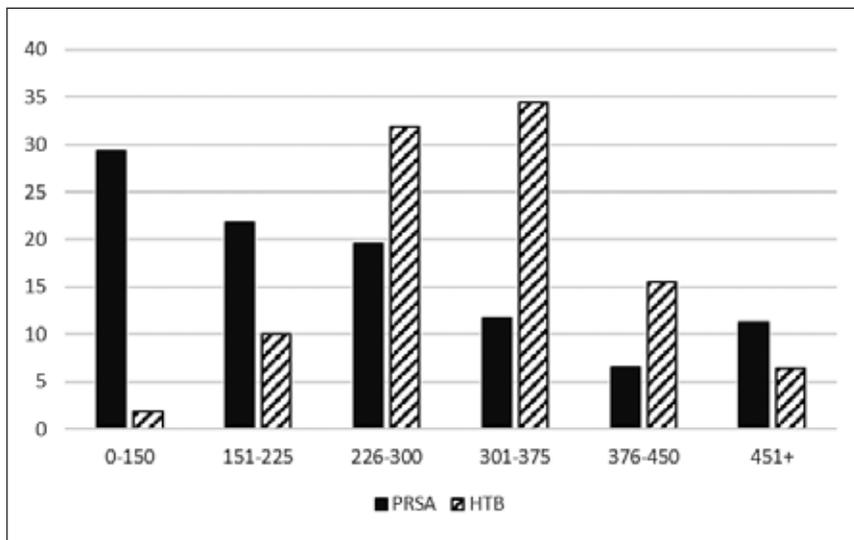
Properties purchased with the support of the Scheme were also more likely to be more expensive, with 66.3 per cent of Scheme claimants purchasing a property for €226,000-€375,000, compared to just 31.3 per cent of all sales registered on the Residential Property Price Register (Chart 6.4).

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<sup>5</sup> *Social Justice Ireland* however favours these macroprudential lending criteria as a safeguard against the irresponsible lending of the pre-2008 era.

<sup>6</sup> <https://scsi.ie/apartment-cost-report-press-release/>

**Chart 6.4:** Property Prices – Help to Buy and Residential Property Price Register



**Source:** Authors calculations of Help to Buy Statistics produced by the Revenue Commissioners and property prices listed on the Property Price Register

Help to Buy artificially stimulated the property market by providing a benefit to those who need it least.

However, it doesn't have to be this way. An example of the potential to deliver housing to scale for an affordable price already exists in the development recently undertaken by Ó Cualann Co-operative in Ballymun. The land for their first development was provided by the Local Authority for €1,000 per unit, which considerably reduced the costs to Ó Cualann Co-operative, allowing them to sell 3-bedroom houses, which comply with new energy efficiency regulations, for €219,000. This was possible not just because these houses were in Ballymun. The same construction costs would have applied to any development in any location in the country. If Local Authorities were willing to make land available to developers such as Ó Cualann to support really affordable housing, this model could be replicated elsewhere. Of course, not all Local Authority land is suitable for residential development, and not all will be free of loans and available for sale at such a reduced price. However, in 2015 the Department of Environment, Community and Local Government published the results of the Residential Land Availability Survey 2014, which indicated that Local Authorities owned enough zoned land to build 414,712 homes (Department of the Environment, Community and Local Government, 2015). Rather than selling off this land to private developers to build for profit and little social return, as we have seen in such areas as O'Devaney Gardens, Local Authorities should be prohibited from selling land

suitable for residential development and instead use it to provide social, affordable and public housing.

Rebuilding Ireland is not meeting its construction targets, nor could the housing units being constructed be considered affordable. This means that, for many, home ownership will be out of reach. For young families starting out, particularly single parent families, housing affordability is likely to be prohibitive. For those on the social housing waiting list, they will continue to live in private rented accommodation they can ill-afford, live with family or friends or join the 966 families accessing emergency accommodation<sup>7</sup>.

For others, the older first-time buyers using above-average incomes to finance high purchase prices, the impact of these mortgages on their ability to retire, and the sustainability of mortgage payments on a reduced post-retirement income, presents a significant policy challenge.

### *The Land and Development Agency*

In September 2018, the Government launched the Land Development Agency, with an initial capital investment of €1.25 billion, to build 150,000 units over 20 years. One of the objectives of the new Agency was to deliver at least 40 per cent of housing built on lands transferred from the State in the form of social (10 per cent) and affordable (30 per cent) housing. The remaining 60 per cent would be privately owned.

The Land Development Agency (LDA) Bill 2021 was published on the 5<sup>th</sup> February 2021. While the purpose of this Bill are laudable, its execution will likely result in an increase in private development on public land, rather than a real increase in public and affordable housing. The Agency is given wide-ranging powers to acquire (including by Compulsory Purchase Order) public and other lands for development and to sell lands to Local Authorities and others, and to enter into contracts and joint ventures in respect of these public lands.

*Social Justice Ireland* welcomes moves to increase the supply of housing but calls for public land to be used only for public and social housing.

### *Affordable Housing and Shared Equity*

In January 2021, the Minister for Housing, Local Government and Heritage published the General Scheme of the Affordable Housing Bill 2020<sup>8</sup> (the General Scheme). Various mechanisms are contained within the terms of the General Scheme to provide affordable housing to purchasers, however many of these are unclear and problematic.

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<sup>7</sup> As at January 2021

<sup>8</sup> At time of writing, this Bill is being debated

Head 5 of the General Scheme, for example, provides for a situation where a Housing Authority may enter into an agreement with a developer to build housing at a set price and sell that housing at a price that is less than the price agreed with the developer. The Housing Authority will then pay the developer the difference between the purchase price and the price agreed. This type of arrangement is currently in operation in respect of some Part V developments and generally results in Local Authorities spending more on the delivery of social and affordable housing by private developers than they would have if they had developed their own lands. The key difference with Head 5, however, is that the opposite is also provided for. So, if the Housing Authority enters into an agreement with a developer to build housing at an affordable price, and the actual sale price is higher than the unit cost agreed, the developer will pay the Housing Authority the difference between the agreed price and the sale price. The General Scheme is itself unsure as to how this provision would apply to sales by the Land Development Agency and the statement that this "...can be dealt with in regulations if necessary" is of little value given the potential powers of the Land Development Agency set out in the 2021 Bill referenced above to acquire large swathes of public lands.

The General Scheme also, in Head 21, provides for the Housing Authority to provide an equity loan to first time buyers for the purchase of newly constructed housing. The equity charge will be subordinated to the purchaser's mortgage and, in a move away from previous schemes, any subsequent equity release loan the purchaser might take out with their lending institution. In the event of the purchaser wanting to sell their property, they then repay their mortgage and the market value of the equity stake at the time of sale. This scheme targets the same purchasers as the Government's Help to Buy scheme. A scheme that has been proven to disproportionately benefit higher earners and drive up property prices (discussed earlier in this Chapter).

It should be telling that shared equity was proposed by a bank in response to what it called the "slowdown in residential property prices, particularly in the Dublin market" as a result of the Central Bank's macroprudential rules (O'Sullivan & McGuckin, 2020). While acknowledging that supply-side measures would be the most appropriate way to address affordability, the lack of delivery of these necessary measures leaves "the other option" of demand-side subsidies (p. 1). A recent Spotlight on Shared-equity homeownership considered the various methods of shared equity available in several jurisdictions and concludes that individual-oriented models of shared equity, such as shared equity loans, have the potential to provide greater benefit than community-oriented models, notwithstanding that they face problems with marketability, sustainability and affordability (Gupta, 2020). The paper ultimately proposes a combination of individual- and community-oriented models and reforms to existing offerings.

Affordability for housing under the General Scheme will be assessed, not on the basis of 35 per cent of net household income as was previously the case, but on the purchaser's inability to access a mortgage from a bank or lending institution

for 90 per cent of the purchase price. An equity stake, provided for under Head 21 referenced above, would then be the difference between the purchase price the purchaser can pay using the maximum loan they can obtain from the financial institution (or the lowest price the housing authority agrees the unit can be sold for, whichever is the lowest) and the market value of the property. This acts to effectively circumvent the Central Bank of Ireland's macroprudential rules, leaving the purchaser with a level of housing debt they cannot objectively afford. In addition, the purchaser of an affordable home must be able to have saved at least 10 per cent of the market price.

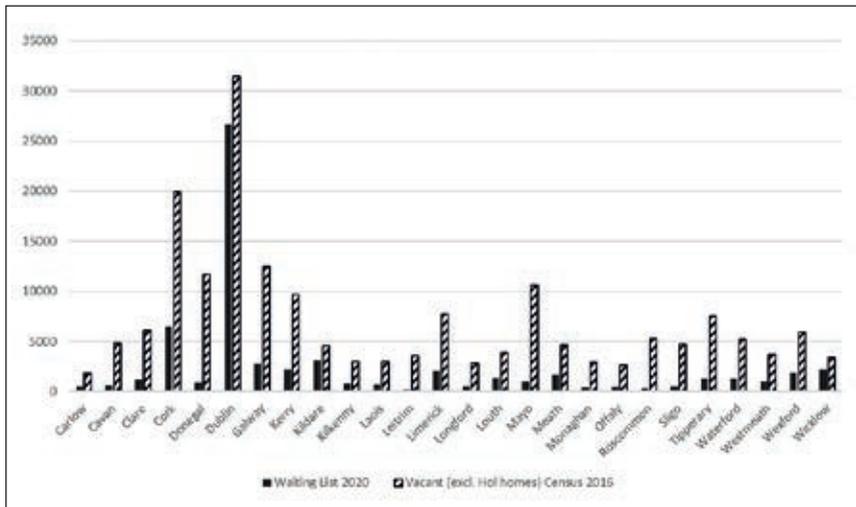
As of Q3 2020, almost one in ten of all private dwelling house (PDH) mortgages in arrears were in arrears of more than 10 years, and almost 3 in ten were in arrears for over 5 years. For buy to let mortgages (BTL), those figures are 12 per cent in arrears for more than 10 years and 42 per cent for over 5 years. These households have not yet recovered from the crash of 2008. Government must learn from that experience and develop truly affordable housing, rather than implementing policies that only serve to artificially increase housing costs and facilitate over-borrowing.

Eligibility for affordable housing is stratified by size of household, residence in the administrative area, application date and any other criteria as may be prescribed. This discriminates against new households coming to the area and should be challenged on this basis.

### *Vacant Homes*

According to the most recent figures there were 183,312 (excluding holiday homes) vacant properties on Census night 2016. Of these, 140,120 were houses and 43,192 were apartments. While this figure represents a decrease in vacancy rates per population size in all counties when compared to Census 2011, when the preliminary figures for each county are compared to the county breakdown of the Social Housing Needs Assessment 2020 there remains more vacant properties than households in need in every county, assuming the figures produced in the Summary of Housing Needs Assessment 2020 are correct (which we discuss later in this Chapter) (Chart 6.5).

**Chart 6.5:** Vacant units 2016 v Social Housing Waiting Lists 2020, by County



Source: Census 2016, [www.cso.ie](http://www.cso.ie) and Housing Agency, Summary of Social Housing Assessments 2020

In early 2017, the Government introduced the Repair and Leasing Scheme for owners of vacant properties to access funding of up to €40,000 to repair their properties which would then be leased to the local authority for use as social housing for a term of between five and 20 years, with a target of 3,500 properties to be brought back into use. According to a Parliamentary Question answered by Minister Eoghan Murphy TD in July 2019<sup>9</sup>, provisional data for the Repair and Leasing Scheme indicate that up to end Q1 2019, a total of 1,335 applications for the scheme had been received; 102 homes had been brought back into use and tenanted and 138 agreements to lease had been signed. Just 7.6 per cent of applications resulted in homes being brought back into use.

In July 2018, the Government launched its Vacant Housing Reuse Strategy 2018-2021, aimed at bringing existing vacant properties back into use. The Department of Housing, Planning and Local Government has established a Vacant Homes Unit to coordinate across central and local government, and each local government was requested to develop a Vacant Homes Action Plan to identify vacant homes within their areas. While *Social Justice Ireland* welcomed its publication at the time, and its intention to review bringing many of the 183,000 houses under the control of the local authority or Approved Housing Bodies to provide social homes, we were disappointed to note the timeframes involved. According to the Progress Report of

<sup>9</sup> <https://www.oireachtas.ie/en/debates/question/2019-07-09/865/>

May 2020<sup>10</sup>, 161 properties were brought back into use under the Repair and Lease scheme, 545 properties by way of Buy and Renew and 784 were made available to Approved Housing Bodies (AHBs) with 93 more in the process of being secured. There were a further 400 acquisitions by the local authorities from financial institutions.

A report into vacant properties in rural areas, based on a pilot of 6 rural towns, was expected to be published by the Department of Rural and Community Development towards the end of 2019 but is yet to be released. Issues identified in the interim report include high costs of refurbishment, expectations of a higher future sale price, lack of amenities in rural towns, a negative perception of rural towns and traffic<sup>11</sup>. Apart from the desire to bring as many of the 183,000 vacant properties back into use as possible, these issues must be addressed for the existing inhabitants of rural towns and villages. These tend to be older people who increasingly experience social isolation and a lack of services due to a lack of investment. If this investment was increased, and services improved, migration towards rural areas would be a likely outcome. An unexpected consequence of Covid-19 may be to have expedited this migration as Dublin saw a fall in house prices (-0.9 per cent) while the rest of the country experienced an increase (+1.2 per cent) in 2020 while people sought larger homes in which to work<sup>12</sup>.

But it is not just vacant private properties that are an issue. Local authority vacant properties, or “voids”, must also be part of the solution. But again, the data is not so clear. Between 2014 and 2017, 9,227 voids were returned to use, at a cost of €119 million<sup>13</sup>. Since 2018, however, properties brought back into use under the voids programme are only reported in official statistics up to the level of the Rebuilding Ireland targets, if reached<sup>14</sup>. So, while the Rebuilding Ireland reports indicate just 560 voids were brought into use in 2018, the total number was in fact 1,765 – a figure only contained in the response to a Parliamentary Question. The Performance Indicator Reports from the National Audit and Oversight Commission for 2018 now also only reports voids up to the Rebuilding Ireland target. This being the case, the question must be asked of what incentive there is for Local Authorities to go beyond their Rebuilding Targets to bring currently untenable social housing back into use?

### ***Social Housing Rented Stock***

The latest data released by the Department show 141,504 homes were let by Local Authorities in 2016, a further c.30,000 were rented by Approved Housing Bodies (AHBs). In total, only 9 per cent of all housing stock in Ireland is social housing. This

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<sup>10</sup> <https://www.gov.ie/en/publication/2f2d8-national-vacant-housing-reuse-strategy-2018-2021-progress-report-may-2020/>

<sup>11</sup> <https://www.irishexaminer.com/breakingnews/ireland/rural-towns-dying-as-owners-cling-to-properties-in-hopes-of-better-prices--report-960457.html>

<sup>12</sup> <https://tradingeconomics.com/ireland/housing-index>

<sup>13</sup> <https://www.oireachtas.ie/en/debates/question/2018-01-24/191/>

<sup>14</sup> <https://www.oireachtas.ie/en/debates/question/2019-04-09/98/>

is far lower than our nearest neighbour the UK (at 18 per cent) and our European peers such as Austria (24 per cent), France (16.5 per cent), Sweden (19 per cent) and The Netherlands (30 per cent)<sup>15</sup>.

In their report *The Future of Council Housing, An analysis of the financial sustainability of local authority provided social housing*, published in July 2018, Prof. Michelle Norris and Dr. Aideen Hayden examined the existing structures for the provision of social housing to low income households (Norris & Hayden, 2018). They examined Government housing policies since the 1980s, which saw a move away from construction of social housing to a more cost-effective outsourcing to the private market and the subsidisation of private landlords through Rent Supplement, the Rent Accommodation Scheme and Housing Assistance Payment (HAP). With increasing private rents, many private properties have been taken out of the reach of low-income tenants, particularly in urban centres. Lack of low-cost accommodation on the market and the reduction in new local authority construction means that Government, and local authorities particularly, need to overhaul the provision of housing to those on low incomes.

The report ends with a comprehensive suite of recommendations, from minor scale reforms such as ring-fencing rents paid to local authorities to spend on council housing (a recommendation made by *Social Justice Ireland* in previous editions of our socio-economic review) and undertaking a valuation of local authority housing stock and recording these valuations in local authority accounts; to medium scale reforms such as the suspension of the tenant purchase scheme for council housing given the shortage of such housing available.

The conclusion of the report on the sustainability of financing council housing centres on a ‘radical restructuring of arrangements for funding social housing’ and the introduction of a cost rental model (Norris & Hayden, 2018). *Social Justice Ireland* have been advocating for the introduction of a cost rental model of affordable rental (in addition to the need to scale up social housing provision), which we will discuss later in this Chapter.

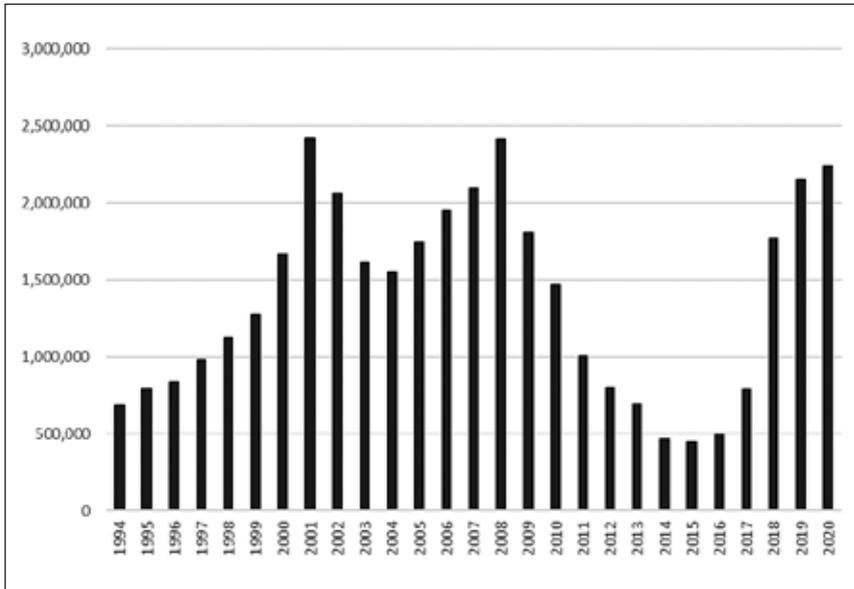
### ***Social Housing Output***

As noted by Norris and Hayden, the last three decades have seen ‘a significant reduction in the traditional role of council housing as the primary source of accommodation for low-income renters. Their report attributes this reduction to the contraction of capital funding for council housing, which fell by 94 per cent between 2008 and 2013 (Norris & Hayden, 2018, p. 38). The expansion and contraction of capital spending on housing by central government demonstrates just how volatile this basic necessity for low-income families is, and how responsive to economic shocks. Chart 6.6 shows the pro-cyclical nature of central government capital expenditure allocations to the Department of Housing, Planning and Local Government since 1994. Expenditure increased steadily from 1994 to 2000, before

<sup>15</sup> <http://www.housingeurope.eu/resource-1323/the-state-of-housing-in-the-eu-2019>

declining sharply. A further period of increase between 2004 and 2008 was followed by another, more severe decline in the years 2009 to 2015. Since then, gross capital expenditure allocation has increased again, however the volatile nature of this expenditure pattern calls into question the sustainability of any long-term capital projects.

**Chart 6.6:** Gross Capital Expenditure on Housing, 1994 to 2020, €,'000

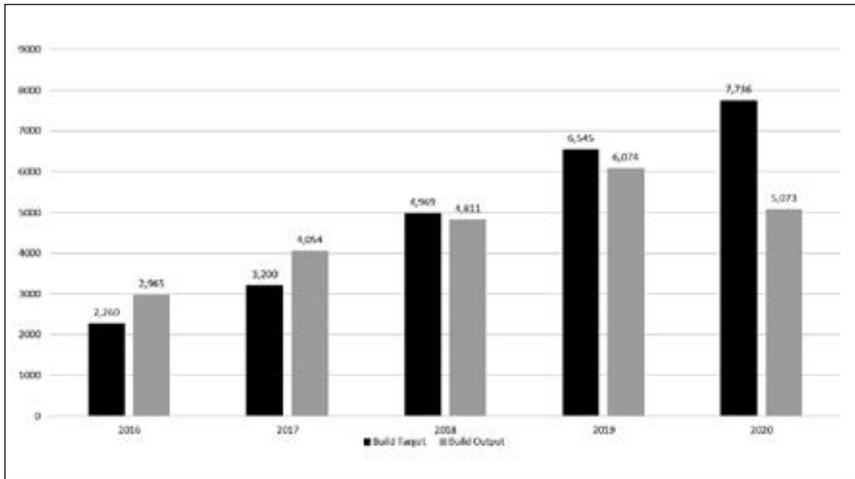


Source: Department of Public Expenditure and Reform, Databank

According to the Rebuilding Ireland Targets and Progress Report, the target to provide 47,000 social housing units has been revised to 51,076 (Pillar 2), of which just 39,065 had been delivered through builds, acquisition and leasing up to the end of 2020. Just 67 per cent of the total build target of 34,210 has been met to the end of 2020 (Chart 6.7), with targets missed for 2018, 2019, 2020 and only one year left within which to deliver upon the set target.

It is interesting to note that the acquisition target for the whole programme has already been exceeded (the target to 2021 was for the acquisition of 6,830 units, as of the end of 2020, 10,867 units had been acquired). Speed of delivery is likely a contributing factor, however depending upon the area, this would be a more expensive form of housing provision compared to direct builds by Local Authorities and Approved Housing Bodies, particularly if using State lands. The continuing cost to the Exchequer must also be a factor in determining the best method and it is time that a full comparative long-term cost analysis is developed.

**Chart 6.7:** Social Housing Builds v Targets, 2016 to 2020



**Source:** Rebuilding Ireland – Targets and Progress, Department of Housing, Planning and Local Government

**Note:** Target for Q3 2020 is calculated by multiplying the full year target for 2020 by 75%

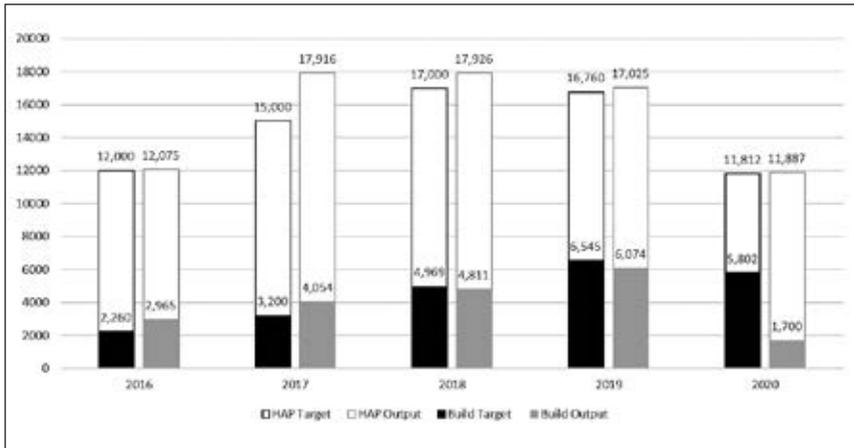
Recent Government policy has seen a shift away from the construction of social housing to an over-reliance on the private rented sector to provide social housing ‘solutions’. This is evident from both the increase and change in nature of the current expenditure on housing in recent years. According to a report prepared by the Irish Government Economic and Evaluation Service (IGEES) for the Department of Public Expenditure and Reform, from 2006 to 2017 Rent Supplement was the main area of current housing expenditure. While the proportion attributed to the Rental Accommodation Scheme (RAS) was growing steadily during this period, the introduction of the Housing Assistance Payment (HAP) in 2014 has had the greatest impact on the distribution of current housing expenditure (Irish Government Economic and Evaluation Service, 2018, p. 24).

Ostensibly, the introduction of HAP was to provide a longer-term supplementary payment for the growing number of private tenants in receipt of Rent Supplement for longer than its intended duration. Since 2014, the importance of HAP as a means of providing ‘social housing supports’ increased dramatically, and it was the cornerstone of Rebuilding Ireland’s “social housing solutions” (Chart 6.8).

HAP is a payment made by the local authority directly to the landlord in respect of a household assessed as needing long-term social housing. The tenancy is between the landlord and the tenant, and notwithstanding the introduction of anti-discrimination laws in favour of tenants in receipt of HAP, choosing to accept, and

retain, HAP tenants in a time of double-digit rent inflation remains at the discretion of the landlord.

**Chart 6.8:** Social Housing (builds) and HAP, Targets v Output, 2016 to Q3 2020



**Source:** Rebuilding Ireland – Targets and Progress, Department of Housing, Planning and Local Government

**Note:** Target for Q3 2020 is calculated by multiplying the full year target for 2020 by 75%

The decline in local authority construction, discretionary nature of HAP tenancies, increase in the cost of private rents and the promotion by Government of policies which seek to rely on the private rented sector for the provision of social housing places low-income households in precarious living situations. It is also a considerable cost to the Exchequer, with Local Authority Budgets for 2020 jumping to €667 million from €545 million in 2019<sup>16</sup>.

Government should aim to emulate our European peers who perform well in terms of social housing provision and social housing stock. *Social Justice Ireland* proposes that Government set a target of 20 per cent of all housing stock in Ireland to be social housing and substantial progress to this target should be made in a 5-year programme for Government. Progress updates and reports should be presented annually to the Oireachtas.

## Current Housing Need

### *Social Housing Needs Assessments – The Numbers*

According to the Social Housing Needs Assessments 2020, published in March 2021, there were 61,880 households on the waiting list for social housing, presenting

<sup>16</sup> [https://www.housing.gov.ie/sites/default/files/publications/files/final\\_local\\_authority\\_budget\\_publication\\_doc\\_print\\_version.pdf](https://www.housing.gov.ie/sites/default/files/publications/files/final_local_authority_budget_publication_doc_print_version.pdf)

as a decrease of 9.9 per cent on the previous year (Housing Agency, 2020). However, the truth is that the housing crisis is worsening as Government continues to look to the private sector for solutions.

In 2011, the number of households assessed as having a social housing need was 98,318 – the highest number since 1993 (when it was 28,200) (Housing Agency, 2011). A change in the way need was calculated, and a removal of duplicates, saw this number reduce in 2013 to 89,872. The introduction of HAP, and the transfer of households in long-term receipt of Rent Supplement to this payment further reduced these numbers. Households in receipt of HAP are deemed to have their social housing need met and are not counted in the Summary of Social Housing Assessments, the official figure used to determine need. This means that households who would, pre-2014, have been given Rent Supplement and included in the social housing waiting list data, are no longer included. It also means that, notwithstanding the fact that the actual circumstances of those households that were transferred from Rent Supplement to HAP may not have changed, they have been removed from the list.

There has also been some debate surrounding the methodology used by local authorities in collecting information about those still on the housing waiting list, namely an ‘opt in’ letter requesting information on housing status which, if not returned, results in automatic removal from the list. While discretion was given to local authorities to make further contacts by telephone and text message, this method of data collection adversely affects those with low literacy skills and those with reduced capacity to engage in this manner, whether through stress or other socio-economic factors. It therefore risks excluding the most vulnerable households and could be a contributory factor to the rising rate of family homelessness, discussed later in this Chapter.

Another factor may be that while those in receipt of Rent Supplement are counted, and account for a sizable number of households on the social housing waiting list, those in receipt of the HAP, those living in local authority rented accommodation, those in accommodation under the Rental Accommodation Scheme, anyone in accommodation provided under the Social Housing Capital Expenditure Programmes or any households on the transfer list are not counted as in need of social housing assistance. Over 14,300 households were transferred from Rent Supplement to HAP between 2016 and Q3 2020. Rent Supplement transfers accounted for 18.5 per cent of the total number of HAP tenancies in 2018. We have previously discussed the precariousness of these tenancies. While they continue to be omitted from official statistics on housing need, policy in this area will continue to focus on short-term fixes, rather than long-term solutions.

### ***Social Housing Needs Assessments – The People***

Of the 61,880 households on the waiting list, the highest proportion is in Dublin (43 per cent), followed by Cork (10.3 per cent), Kildare (4.5 per cent) and Galway (5 per cent). The age profile of households on the waiting list has changed little in the

last two years, with the highest proportion being those aged between 30-39 years old (29.8 per cent), followed by those aged between 40-49 years old (23 per cent) – the ages of peak family formation - and those aged between 50-59 years old (15 per cent). Households with a reference person aged 60 and over account for one in ten households on the social housing waiting list (10.8 per cent). This is unsurprising, given the length of time households are waiting for social housing, with 44.8 per cent waiting four years or more, and 27.2 per cent, or 16,832 households, waiting more than seven years.

Families and multi -adult households accounted for 48 per cent of all households on the social housing waiting list in 2020, while single person households accounted for 52 per cent. Over five per cent (5.7 per cent, 3,551 households) cited 'overcrowding' as the main need for social housing in 2020 compared to 5.3 per cent (3,649 households) the previous year. Census 2016 reported a 28 per cent increase in overcrowding (from 73,997 permanent households to 95,013) in the intercensal period from 2011 to 2016, accounting for close to 10 per cent of the population (Central Statistics Office, 2017a).

The majority of households on the social housing waiting list (59.2 per cent) are entirely dependent on social welfare income, demonstrating its inadequacy as a living income. Just under half (45.6 per cent) of households on the social housing waiting list in 2020 were living in private rented accommodation, compared to 52.8 per cent the previous year. This decrease, coupled with the corresponding increase in the proportion of households living with parents (24 per cent, compared to 21.5 per cent in 2019), relative or friends (10.4 per cent, compared to 8.9 per cent in 2019) or emergency accommodation (10 per cent, compared to 8.5 per cent in 2019) shows just how unsuitable the private rented sector is at providing sustainable housing for low income households. It must also be restated at this point that households whose "social housing solution" has been a Housing Assistant Payment in respect of a tenancy in the private rented sector are not counted within these data.

Those households who cited their tenure status as 'owner occupier' increased from 2.1 per cent (1,439 households) in 2019 to 2.7 per cent (1,680 households) in 2020. With the persistent level of late stage mortgage arrears, the increase of mortgage sales to private investment funds, and the corresponding reduction in borrower protections, more mortgaged households are looking to secure social housing, adding even greater pressure to a flagging social housing sector.

### ***Mortgage Arrears***

At the end of Q3 of 2020, there were 71,245 home mortgages (private dwelling house (PDH) and buy-to-let (BTL)) in arrears, with 53,280 of these in arrears of more than 90 days (Central Bank of Ireland, 2020). This represents a decrease on the same period in the previous year of 6.9 per cent of all mortgage accounts in arrears and 8.5 per cent of those in arrears of more than 90 days. Notably, the only increase in the Q3 2020 figures is the number of mortgages in arrears for over 10

years, with an increase of 1,564 mortgages on the previous year, for a total of 5,014 mortgages.

As of Q3 2020, a total of 76,305 home mortgages were in restructured arrangements (a decrease of 13.8 per cent on Q3 of 2019), with 11.9 per cent having a term extension, 28.4 per cent having had their arrears capitalised (that is, where the arrears are added to the outstanding balance of the mortgage and repayments recalculated based on this higher amount), 3.0 per cent having a temporary interest rate reduction, 2.6 per cent paying interest only, 3.2 per cent on reduced payments, 22.5 per cent classified as 'Other' (which can include reduced repayment arrangements or temporary arrangements) and 28.6 per cent on 'split mortgages'. Households with 'split mortgages' are most precarious where it is unlikely that they will experience a change in financial circumstances over the term of the loan and will therefore be dependent on realising the equity at the end of the warehoused period in order to pay the amount due. These families will then be faced with the prospect of selling their family home when they are at or close to retirement age.

At the end of Q3 of 2020, 1,222 residential properties were in possession of Central Bank lenders, including 801 PDHs, that is, where the mortgage was taken out in respect of the borrower's own family home. Of the 35 family homes repossessed during this quarter, 10 were repossessed by non-bank lenders. Five of the 35 were on foot of a court order, with the remaining 30 being voluntarily surrendered or abandoned. Figures are likely low due to the Covid-19 restrictions on gatherings that have impacted court sittings.

### ***Mortgage Arrears – Non-bank Entities***

As of Q3 2020, non-bank entities own 13 per cent of all PDH mortgage accounts, rising to 57 per cent of all PDH mortgage accounts that are in arrears for two years or more. 19,397 of the restructured loans are with non-bank lenders and 83 per cent are meeting the new terms. The non-bank entities own 27 per cent of BTL mortgages, rising to 79 per cent of BTL accounts in arrears over two years and 88 per cent of BTL loans in arrears for more than ten years (Central Bank of Ireland, 2020).

In recent years, mortgage banks have been selling mortgage loan books to non-bank entities as part of a strategy to reduce the number of non-performing loans (NPLs) to within EU parameters. Consumer advocates have expressed concern about the lack of consumer protections for borrowers, particularly those whose loans were performing, while those in favour of this strategy cite the high level of NPLs acting as a barrier to accessing better credit terms, thereby contributing to Ireland's high mortgage rates. Data extracted from the Central Bank's quarterly statistical report on mortgage arrears show that while the number of PDH mortgages held by non-bank entities has risen by 151 per cent since 2016, the number in arrears was decreasing between 2016 and 2018, before increasing sharply in 2019 and 2020 (Chart 6.9).

**Chart 6.9:** PDH Mortgages held and Mortgage Arrears, Non-Bank Entities, 2016 to 2020



**Source:** Central Bank of Ireland, Residential Mortgage Arrears and Repossession Statistics, various years

**Note:** Data for end Q2 each year.

### *Mortgage Arrears – Local Authorities*

Of the 15,045 local authority mortgages active as of Q3 2020, 37 per cent were in arrears, representing 5,633 low-income households, 2,642 of which are in arrears of more than 90 days (Department of Housing, Planning and Local Government, 2020). This represents a reduction of 351 mortgages in arrears and 304 mortgages in arrears of more than 90 days when compared to the same period in 2019. During this period there were also 232 fewer mortgages recorded in total.

The latest local authority repossession figures show 7 forced (a decrease of 65 per cent on 2018) and 11 voluntary repossessions (a decrease of 8 per cent on 2018) took place in 2019 (Department of Housing, Planning and Local Government, 2019b). The only option for these families is adequate social housing, which this and previous Governments have failed to provide. This social housing could be provided by the expansion of a Local Authority Mortgage to Rent Scheme, piloted in 2013 and rolled out in subsequent years. There were 62 Local Authority Mortgage to Rent transactions completed in 2019, a decrease of 4 per cent on the previous year (Department of Housing, Planning and Local Government, 2019c).

## *Homelessness*

The first pillar of Rebuilding Ireland was to *Address Homelessness*. The Key Objective of this pillar was to

*Provide early solutions to address the unacceptable level of families in emergency accommodation; deliver inter-agency supports for people who are currently homeless, with a particular emphasis on minimising the incidence of rough sleeping; and enhance State supports to keep people in their own homes.*

This was an ambitious objective. Key actions toward meeting it included ensuring by mid-2017 that hotels were only used in limited circumstances for emergency accommodation for families, by meeting housing needs through the Housing Assistance Payment (HAP) and general housing allocations. A Rapid Build Housing programme was to deliver 1,500 units, and a Housing Agency initiative was to add a further 1,600 units through acquiring vacant houses.

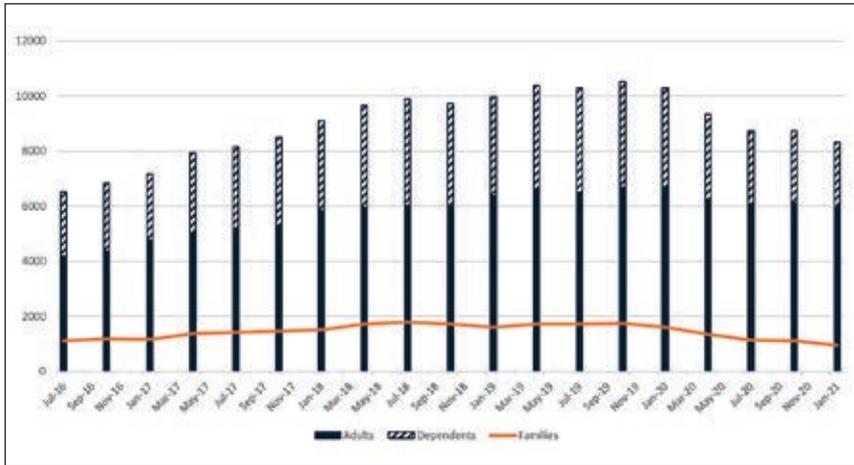
Unfortunately, this was not delivered. In July 2016, when Rebuilding Ireland was introduced, 6,525 people accessed emergency accommodation (4,177 adults and 2,348 dependents). By January 2021, notwithstanding a swathe of policies aimed at homelessness reduction in the midst of a pandemic, that number had increased by 27.4 per cent to 8,313 people (5,987 adults and 2,326 dependents) (Chart 6.10).

Family homelessness has decreased by 14 per cent (from 1,130 families in July 2016 to 966 in January 2021). There was a welcome decrease of 1,958 people in official homeless data between January 2020 and January 2021, likely as part of a coordinated response to the Covid-19 pandemic. Supports and initiatives that were dismissed as impossible due to costs and logistics before the pandemic, such as providing shelter, freezing rents, prohibiting evictions and ensuring that those living in informal settings had access to water and sanitation, became a reality for many and shows that it is not just about a lack of resources, it is about the distribution of those resources and the political will to make the right choices<sup>17</sup>.

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<sup>17</sup> <https://www.justiceinitiative.org/publications/protecting-the-right-to-housing-during-the-covid-19-crisis>

**Chart 6.10:** Homelessness, July 2016 to January 2021



Source: Department of Housing, Planning and Local Government Homelessness Statistics, various years

These are the ‘official’ data on homelessness. They do not include those staying with family and friends, they do not include rough sleepers, they do not include homeless families temporarily accommodated in housing owned by their Local Authority, they do not include the women and children in domestic violence refuges, and they do not include asylum seekers in transitional accommodation. In 2019, a report commissioned by the European Commission referred to the current state of data collection on homelessness in Ireland as “statistical obfuscation if not ‘corruption’.” (Daly, 2019). However, even with obfuscated data, it is clear that Rebuilding Ireland has not delivered the promised solutions.

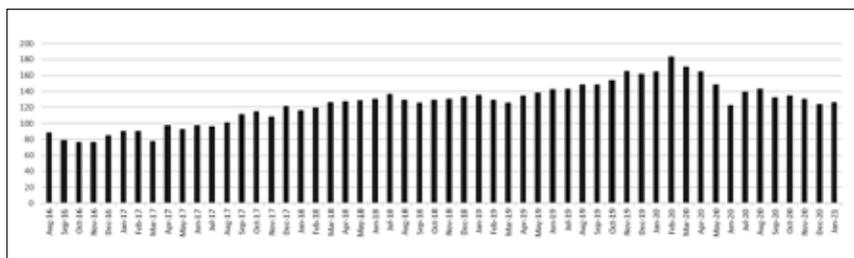
Family Hubs were first introduced in 2017 as an alternative to hotels and B&Bs. In response, the Irish Human Rights and Equality Commission (IHREC) warned of the risks: of institutionalising families and normalising family homelessness (Irish Human Rights and Equality Commission, 2017). This warning was ignored, with Minister Eoghan Murphy TD urging Local Authorities to build more ‘rapid build’ Family Hubs at the Second Housing Summit in January 2018, and increased funding for Family Hubs provided in Budgets 2019 and 2020. The only mention of family hubs in the Programme for Government 2020 is a commitment to provide additional supports to students living there.

A report published in April 2019 by the Ombudsman for Children’s Office (OCO) shows just how prescient IHREC’s warnings were, as children as young as 10 describe their living conditions as being “like a prison” (Ombudsman for Children’s Office, 2019).

While the Report does point out that Family Hubs have been found to be better than hotel rooms, in the long-term they remain an unsuitable solution.

And what of our ageing population? The number of people aged 65 and above who are homeless has increased by over 50 per cent since the introduction of Rebuilding Ireland (from 83 in July 2016 to 126 in January 2021), although there were fluctuations during that period (Chart 6.11). While there is a relatively low instance of homelessness among adults aged 65+, the rate of increase since the inception of the Rebuilding Ireland plan is concerning. Frailty is often a challenge that comes with ageing and is exacerbated by poor living conditions. These are Ireland’s most vulnerable citizens, and we are failing to meet their most basic needs.

**Chart 6.11:** Homelessness, Age 65+, July 2016 to January 2021



**Source:** Department of Housing, Planning and Local Government Homelessness Statistics, various years

In terms of providing long-term solutions, as provided for by Rebuilding Ireland, to the end of 2018, just 423 of the 1,500 units promised under the Rapid Build Programme were delivered, while regenerations have delivered just 507 units.

### Financial Costs

The societal cost of homelessness is, as yet, unknown. Children born into, or at risk of, homelessness are presenting to services unable to crawl or walk due to lack of space and unable to chew food because their parents have no option but to maintain a diet of ready-made pureed food as a source of nutrition far beyond the stage when other children their age would have been weaned<sup>18</sup>. This is also reflected in the concerns reported by Temple Street Children’s University Hospital in its report of 842 children being discharged into homelessness in 2018<sup>19</sup> and a study conducted by the Royal College of Physicians of Ireland (Royal College of Physicians Ireland, 2019). Time lost in the first five years of a child’s development

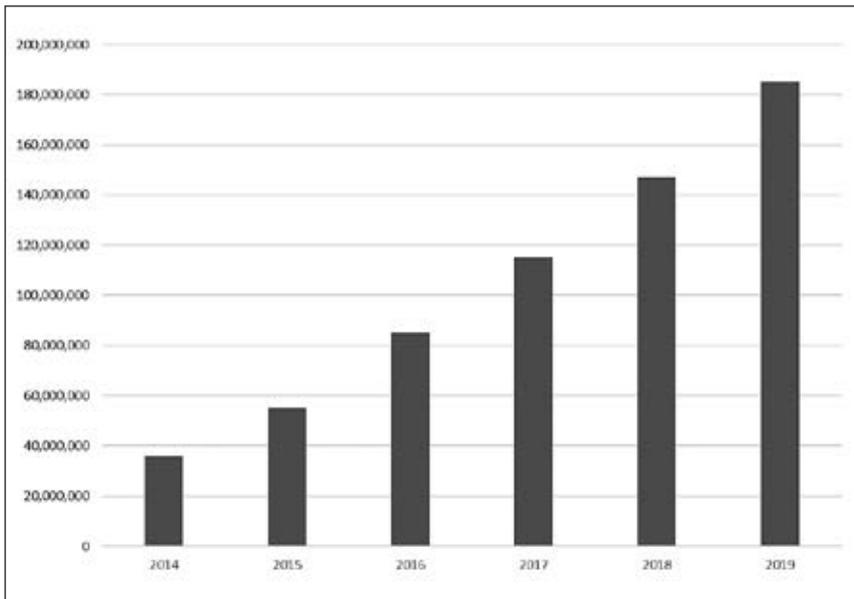
<sup>18</sup> <https://www.irishtimes.com/news/social-affairs/bad-diets-affecting-swallow-reflex-of-homeless-children-charity-says-1.4055281>

<sup>19</sup> <https://www.cuh.ie/2019/01/842-children-who-attended-temple-streets-ed-in-2018-were-discharged-with-no-fixed-home-address-29-increase-on-2017-figure/>

is not easily recovered. It requires wraparound supports, including physical and speech therapies, counselling services and dieticians.

In terms of the monetary cost of physical accommodation, since 2014 €616 million has been spent by Local Authorities on emergency accommodation. In 2019, Local Authorities reported spending over €183 million, an increase of 413 per cent since 2014 (Chart 6.12).

**Chart 6.12:** Local Authority Expenditure, Emergency Homelessness Accommodation, 2014 to 2019



Source: Department of Housing, Planning and Local Government, Local Authority Regional Financial Reports, various years

Among the actions contained in Rebuilding Ireland to prevent homelessness was the establishment of a service to provide legal and financial supports to homeowners in late-stage mortgage arrears and an increase in Mortgage to Rent supports.

The former became known as Abhaile, a project under the remit of the Citizens Information Board. This project increased funding to MABS (the State’s Money Advice and Budgeting Service) existing mortgage supports in place since September 2015; continued to fund the Accountants’ service, put in place in October 2017; and funded a new voucher system for borrowers in late-stage mortgage arrears to access a Personal Insolvency Practitioner or a Consultation Solicitor for one meeting to

determine eligibility for an insolvency arrangement. According to the Second Annual Report<sup>20</sup>, 95 per cent of borrowers who accessed a Personal Insolvency Arrangement and 86 per cent of those who accessed a voluntary arrangement through MABS stayed in their home. However, even in this context the numbers can be misleading. Data relating to Personal Insolvency Practitioners related to individual borrowers, while data relating to MABS services relate to borrower households.

MABS advisers supported 1,150 borrower households; of these, 85 per cent (978 households) will remain in their home. Personal Insolvency Arrangements (PIAs) were put in place in respect of 128 borrowers, 122 of which remained in their home. Of these, almost half (59 PIAs) were on the basis of a 'split mortgage', which effectively defers payment on a proportion of the mortgage until a future date. This future date could be after the end of the PIA, leaving borrowers with little capacity to pay a lump sum and no recourse to insolvency (as borrowers can only access one PIA in their lifetime). The sustainability of these arrangements over the remaining income generating years of the borrower is questionable at best.

Government has committed a budget of €15 million over three years to the Abhaile scheme. Of this, €5.8 million will fund vouchers to access a first appointment with a Personal Insolvency Practitioner or accountant, €3.5 million will fund a communications campaign, €900,000 will resource staffing for the Abhaile project team and additional MABS advisers, and €4.8 million is allocated to the Department of Justice and Equality to cover the cost of providing legal advice and supports.

1,150 borrowers were supported by MABS to access sustainable voluntary arrangements, a further 1,111 borrowers were in progress to an informal solution having accessed the services of a Personal Insolvency Practitioner, compared to just 122 Personal Insolvency Arrangements. Informal arrangements are proving more accessible and successful than the formal processes for borrowers and far more cost effective for the Exchequer. MABS, established in 1992, provided this service before the introduction of the Abhaile scheme. Rebuilding Ireland has produced very little of substance, at significant cost, in support of borrowers in late-stage mortgage arrears. Between the enactment of the Personal Insolvency Act 2012 (as amended) and Q3 2020, just 4,908 PIAs were approved and there are no data to indicate how many of those were ultimately successful over the period of the arrangement.

Mortgage to Rent is not providing solutions either. According to the Housing Agency's Mortgage to Rent Status Update for Q3 2020<sup>21</sup>, a total of 5,644 cases have been submitted to date, 3,428 of which were ineligible or terminated during the process or were in respect of households deemed to be over- or under-accommodated

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<sup>20</sup> [http://www.justice.ie/en/JELR/Abhaile\\_Second\\_Annual\\_Report.pdf/Files/Abhaile\\_Second\\_Annual\\_Report.pdf](http://www.justice.ie/en/JELR/Abhaile_Second_Annual_Report.pdf/Files/Abhaile_Second_Annual_Report.pdf)

<sup>21</sup> <https://www.housingagency.ie/housing-information/mortgage-rent-statistics>

and 155 for which a sale could not be completed. Since its introduction in 2012, just 1,004 cases have been successfully completed, averaging just over 125 cases per year. There are a further 1,212 cases in progress. A review of the Mortgage to Rent Scheme was conducted in February 2017<sup>22</sup>. While the eligibility criteria for borrowers in mortgage arrears remained largely unchanged, one of the main outcomes of this review was the introduction of a new funding model, using private equity. Private equity vehicles are, by their nature, profit driven. Tight regulations and buy-back options for the State must exist to ensure that Mortgage to Rent tenants do not fall foul of market fluctuations.

Homelessness is becoming normalised. According to the Homelessness Quarterly Progress Report (October to December 2020), 26 per cent of all homeless people in Dublin accessing emergency accommodation have been doing so for less than six months and 74 per cent accessing emergency accommodation for more than six months. For families accessing emergency accommodation in Dublin during Q4 of 2020, 49 per cent have been doing so for a year or more, with the proportion in the system for two or more years rising from 16 per cent in Q4 of 2019 to 25 per cent in Q4 of 2020. In those families accessing emergency accommodation for over two years, there are 543 children.

In December 2020, a book for children called “Homeless Stories” was published, sharing the stories and experiences of 20 homeless children in order to call attention to the individuals behind the numbers and destigmatise the children who are without homes<sup>23</sup>. This is, unfortunately, a necessary piece of work. But it should not be in one of the richest countries in the world.

The most recent rough sleeper count, taken in Winter 2020, showed 139 persons sleeping rough in Dublin over the course of the week of the count<sup>24</sup>. The Dublin Regional Homeless Executive state in the report of the count that, as it is taken over a week instead of the usual one night count, it is not comparable with previous years. In the Winter count for 2019, 92 persons were counted as sleeping rough. Charity remains a key feature of the response to rough sleeping, with increasing numbers of food outreach services visible on the streets. This work is commendable, but it should not be used by Government to abdicate its responsibility to provide basic shelter for those in need.

In the breakdown of Specific Accommodation Requirements contained in the Summary of Social Housing Needs Assessments (Housing Agency, 2020), the number of households reporting ‘Household member(s) is homeless’ increased by 2.1 per cent (130 households) to 6,367. This is an increase of 33.6 per cent since 2017 when 4,765 households reported homelessness as their main need. Even with the continued decrease in official numbers in need of social housing, the

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<sup>22</sup> <http://rebuildingireland.ie/news/changes-in-mortgage-to-rent-scheme/>

<sup>23</sup> <https://www.irishexaminer.com/news/spotlight/arid-40189803.html>

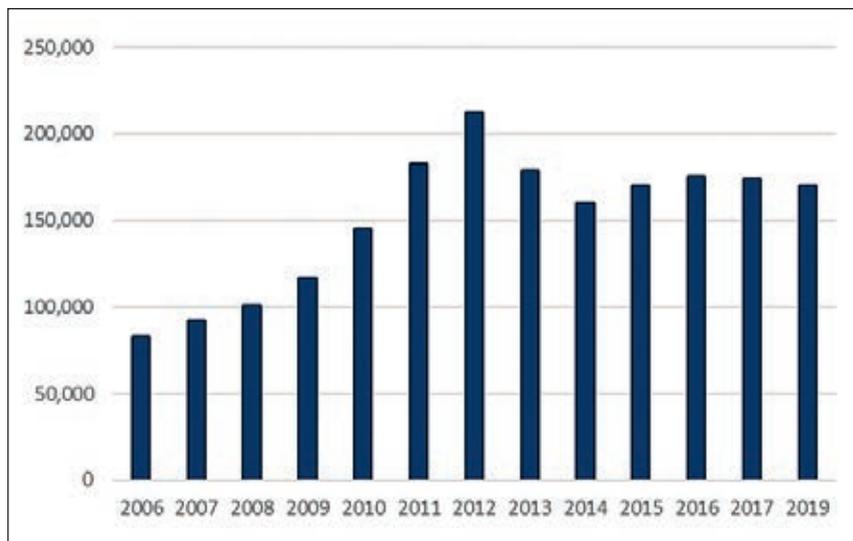
<sup>24</sup> Figures show 139 sleeping rough on Dublin streets (rte.ie)

homelessness crisis is undeniable and must be addressed. At time of writing the Homeless Prevention Bill 2020<sup>25</sup> has completed the second stage in the Dáil. One of the changes proposed is that the local authority can provide extra funding via mechanisms such as homeless HAP 60 days instead of 28 days prior to the claimant becoming homeless.

### *Private Rented Sector*

According to the Residential Tenancies Board (RTB), there were 169,960 landlords registered with the RTB in 2019 and 364,099 tenancies which was the highest they have recorded.<sup>25</sup> The number of landlords rose steadily from 2006, when there were 83,102 landlords and peaked in 2012 with 212,306 landlords. A sharp decrease to 160,160 landlords in 2014 was followed by some slight fluctuations in the following years (Chart 6.13).

**Chart 6.13:** Number of Landlords registered with the Residential Tenancies Board, 2006 to 2019



**Source:** Residential Tenancies Board, Annual Reports 2015, 2017 and 2019.

The Daft.ie Rental Report indicates that, from the period April 2020 to January 2021, the average number of available properties listed in Dublin per month rose by 42 per cent, from 2,155 to 3,053. This contrasts with outside of Dublin, where availability fell by 17 per cent, from an average of 2,073 to 1,715 properties per month listed in the same period (Lyons, 2021).. This may reflect the impact of the

<sup>25</sup> RTB Annual Report 2019

Covid-19 pandemic on both unemployment levels, online higher and third-level education, and the move towards remote working.

Since July 2019 private homes located in any of the 44 Rent Pressure Zones and used for short-term lettings were required to be registered with the Local Authority. Homes being offered for let for periods in excess of 90 days must apply for planning permission. Just 370 lettings were reportedly registered with Local Authorities as of January 2020<sup>26</sup>. The travel restrictions imposed as part of health measures to deal with the pandemic resulted in properties once available for short-term lettings enter the long-term rental sector<sup>27</sup>.

In addition to a lack of supply, we also have an affordability issue.

The same Daft.ie Rental Report referred to earlier indicates that the average asking rent nationwide between September and December 2020 was €1,414, the third time in five quarters that rent has fallen after years of consistent growth. Again, there is a regional divide with rents falling by 3.3 per cent in Dublin but growing by 5.4 per cent across the rest of the country on the same period last year. (Lyons, 2021). In Dublin, average asking rents range from €1,734 in North County Dublin to €2,189 in South County Dublin. These are the rents sought in respect of new tenancies and, as such, may differ from average rents being paid in existing tenancies. Legislation in relation to Rent Pressure Zones, which places a cap of 4 per cent on increases to private rents in 44 areas throughout the country, has not had the desired impact on asking rents.

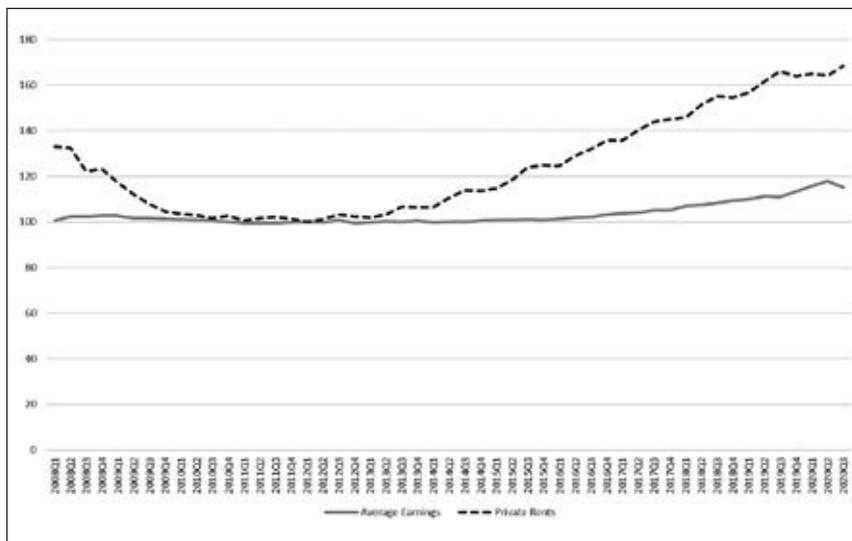
For existing tenancies, we look to the RTB. According to the RTB Rent Index, private rents increased by almost 68 per cent between Q1 2012 and Q3 2020, from €744.72 to €1,256.02. During the same period, average weekly earnings increased by just under 10 per cent (Chart 6.14).

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<sup>26</sup> <https://www.independent.ie/business/personal-finance/property-mortgages/rise-in-new-airbnb-lets-as-landlords-flout-rules-despite-housing-crisis-38828598.html>

<sup>27</sup> [https://www1.daft.ie/report/ronan-lyons-2020q3-daftrentalprice?d\\_rd=1](https://www1.daft.ie/report/ronan-lyons-2020q3-daftrentalprice?d_rd=1)

**Chart 6.14:** Private Rents and Average Weekly Earnings, 2008 to 2020  
(Base = Q1 2012)



**Source:** Calculated from CSO, Quarterly Earnings and Labour Costs and RTB Rent Index 2019 Q1

The Simon Communities of Ireland carry out a regular research piece called Locked out of the Market. The most recent report<sup>28</sup> was published in January 2021, based on a snapshot study performed over three consecutive days in December 2020 (14th, 15th, 16th). They track the number of properties for 16 areas, advertised to rent that fall within the Department of Housing, Planning and Local Government (DHPLG) Housing Assistance Payment (HAP) limits. In six of the 16 areas surveyed, there were no properties available to rent in any household category within standard or discretionary HAP limits. Those areas were Galway City Centre, Limerick City Suburbs, Limerick City Centre, Sligo Town, Portlaoise and Waterford City Centre. There had been no properties available in the September 2020 study in these areas either. Athlone had just one property coming within any HAP limit, and Galway City Suburbs had just three.

The Report notes contrary to expectation and an increase in supply (mostly in Dublin) the Covid-19 pandemic restrictions have not led to a significant increase in affordability in the private rental market in 2020.

<sup>28</sup> [https://www.simon.ie/Portals/1/Locked%20Out%20of%20the%20Market%20January%202021\\_1.pdf](https://www.simon.ie/Portals/1/Locked%20Out%20of%20the%20Market%20January%202021_1.pdf)

### *Private Rent and Housing Cost Overburden*

With rent inflation outstripping increases in average earnings, it is perhaps unsurprising that tenants in private rented accommodation are most likely to experience housing cost overburden, that is, are spending more than 40 per cent of their disposable income on housing costs.

This level of unsustainable housing cost overburden is a result of policies which prioritised the profits of landlords over the quality of life of tenants, or, as the UN Rapporteur on adequate housing, Leilani Farha, put it in March 2019<sup>29</sup>:

*“Our chief concern lies with those laws and policies which have allowed unprecedented amounts of global capital to be invested in housing as security for financial instruments that are traded on global markets, and as a means of accumulating wealth. This expanding role and unprecedented dominance of unregulated financial markets and corporations in the housing sector is now generally referred to as the “financialization of housing” and it is having devastating consequences for tenants.”*

### *Rent Inspections*

When you are paying 40 to 75 per cent of your disposable income on housing costs in the private rented sector, you might assume a basic standard of accommodation. Unfortunately, you might be wrong. In 2019, due to increased funding allocations, 32,196 inspections were carried out, an increase from 23,824 in 2018. Each Local Authority has a target of inspecting 15 per cent of rental properties in their area. In 2019, the percentage of registered tenancies inspected rose to 9.93 per cent, from 7.39 per cent in 2018. However, of these tenancies inspected, 93.07 per cent were found to be non-compliant, an increase of ten per cent from 83 per cent in 2018. The number of properties becoming compliant in 2019 rose from 5,466 to 9,326. (National Oversight and Audit Committee, 2020) One solution to this low standard is to make it mandatory for all landlords to have a certificate procured prior to letting, that states the rental property meets a minimum standard.

### *Co-living*

In 2019, the then Minister for Housing also introduced the concept of co-living. An “exciting” opportunity to licence an en-suite bedroom with shared kitchen and communal living spaces at a reported cost of up to €1,300 per month. By December 2020, the concept is finished with legislation banning these developments signed into law that month. The Covid-19 pandemic highlighted just how unsuitable this type of accommodation is due to the lack of space and the focus on shared facilities. However, any developer whose application was granted before the ban is allowed to move ahead with their development. Among the many issues with this model are the lack of security of tenure (co-living units operate under licence) and the risk of a return to tenement-style living should the shared services contract end in the event of an economic downturn. Investment in longer-term supply is what is needed.

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<sup>29</sup> <https://spcommreports.ohchr.org/TMResultsBase/DownloadPublicCommunicationFile?Id=24499>

### *Accommodation for Persons with Disabilities*

According to Census 2016 (Central Statistics Office, 2017b), 19.3 per cent (112,904 people) of persons with a disability were living alone, accounting for 28 per cent of all persons living alone on Census night. Both the number of persons with a disability, and the rate of living alone among those persons has increased since 2011. A further 44,531 persons with a disability lived in communal establishments, a reduction of 421 (0.9 per cent) on 2011. A total of 49,426 persons in the State aged 65 and over were living in communal establishments, with 31,033 being persons with a disability. Of these people aged 65 and above, 20,702 were living in nursing homes, 6,866 were in hospital and 3,465 were reported as living with religious institutions, shelters and refuges on Census night 2016 (Central Statistics Office, 2017b).

In the breakdown of Accommodation Requirements in the Summary of Social Housing Needs Assessments, 4,000 households reported, within the specific breakdown of housing requirements, a household member as having an enduring physical, sensory, mental health or intellectual disability, a decrease of 3 per cent on the previous year (Housing Agency, 2020). A breakdown of the Main Need for Social Housing Support shows that 5,800 households reported some form of disability<sup>31</sup>, a decrease from 6,173 the previous year.

The National Housing Strategy for People with a Disability 2011-2016 was established to ‘facilitate access, for people with disabilities, to the appropriate range of housing and related support services, delivered in an integrated and sustainable manner, which promotes equality of opportunity, individual choice and independent living’ (Department of the Environment, Community and Local Government, 2011, p. 7) through the achievement of nine strategic aims. This Strategy was affirmed and extended to 2020 under the Government’s ‘Rebuilding Ireland’ programme.

In 2019, funding was allocated or increased to a number of schemes to support housing for older people and people living with a disability. In March 2019, the Minister of State for Housing and Urban Development announced a €71.25 million fund for Housing Adaptation Grants for Older People and People with a Disability, an increase of 8 per cent on the previous year. In June 2019, the Minister for Housing, Planning and Local Government and the Minister of State for Disability Issues announced €15.075 million in funding for the Disabled Persons Grant (DPG), which supports adaptations and extensions to existing Local Authority housing stock, and the Improvement Works in Lieu of Local Authority Housing Scheme (IWILS) which supports improvements or extensions to private housing stock where the tenant has been approved for social housing, “meeting their social housing need” and reducing the waiting list for social housing. These schemes are important and necessary, and the increases are to be welcomed, however they are still catching up from previous years of underfunding.

In 2014, extensions to 89 local authority houses were commenced under the Extensions to Local Authority Housing Scheme (as it is referred to in the Housing Statistics section of the Department of Housing, Planning and Local Government's website), with a further 51 approved but not yet commenced. In 2017, works on just 28 Local Authority houses had commenced, with approvals for a further 9. By the end of 2019, 110 extensions had been commenced, with a further 32 approved.

The scheme to improve private properties (IWILS) has not been so successful, notwithstanding the increase in funding. In 2014, works had completed on 105 properties and was in progress on 1 more. By the end of 2019, works in respect of just 2 houses had been completed, with 4 more in progress.<sup>30</sup> While the majority (almost 69 per cent) of people living with a disability own their own home with or without a mortgage (Central Statistics Office, 2017b), 12.4 per cent are living in the private rented sector (an increase of almost 13 per cent in real numbers of persons living with a disability in the private rented sector compared to Census 2011). The IWILS scheme is only available to people who are deemed eligible for social housing, which would exclude most of the 69 per cent who are owner occupiers. There is little incentive for private landlords to modify their properties to meet the needs of tenants living with a disability or older tenants when they could attract equal or higher rents with new tenants.

Housing Adaptation Grants is the collective term given to the three grants: Housing Aid for Older People, Housing Aid for People with a Disability and Mobility Aid Grant. These grants are provided to eligible people to modify their own homes, allowing them to live at home, within their communities, for longer. Given the large proportion of people living with a disability who own their own homes, the Housing Adaptation Grants are especially important. In 2010, a total of €77.3 million was paid in respect of 13,588 grants. These grants were subject to cuts during the austerity years, and in 2013 reached their lowest point in the decade, with €37.7 million paid in respect of 7,011 grants, less than half 2010 levels. Building on moderate increases since 2015, the total amount paid in respect of these grants in 2018 was €51.2 million in respect of 9,413 grants. An improvement on 2013, but still just two-thirds of 2010 levels (Table 6.1).

*Social Justice Ireland* welcomed the increase to Housing Adaptation Grants in Budget 2021, however the scale of the issue shows there is much more to be done.

In addition, delays in accessing the necessary Occupational Therapists to certify a need for home modifications means that people living with disabilities may be at risk in their homes due to lack of necessary works.

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<sup>30</sup> <http://www.housing.old.gov.ie/housing/statistics/social-and-affordable/other-local-authority-housing-scheme-statistics>

**Table 6.1:** Housing Adaptation Grants, by Type, 2010-2018

	Housing Aid for Older People		Housing Aid for People with a Disability		Mobility Aid Grant	
	No. of Grants Paid	Value € ,000	No. of Grants Paid	Value € ,000	No. of Grants Paid	Value € ,000
2010	7,205	30,775	4,347	39,849	2,036	6,688
2013	2,815	11,247	2,506	20,885	1,690	5,548
2016	3,425	12,647	2,714	20,867	1,871	6,548
2018	3,640	13,904	3,622	29,739	2,151	7,601

Source: Department of Housing, Planning and Local Government, Housing Statistics, Other Local Authority Housing Scheme Statistics, Housing adaptation grants, various years

Lack of availability of grants for home modifications coupled with low income, lower levels of educational attainment (13.7 per cent had completed no more than primary education (Central Statistics Office, 2017b), compared to 4.2 per cent of the general population) and a prevalence of poverty means that those with a disability are unlikely to be able to afford adequate accommodation to support independent or assisted living.

*Social Justice Ireland* believes that ensuring that people with a disability can live independently where possible should be a key policy priority. Providing the resources for this, including suitable housing and housing-related supports, must be one of the foundations of such a policy.

#### *Traveller Accommodation*

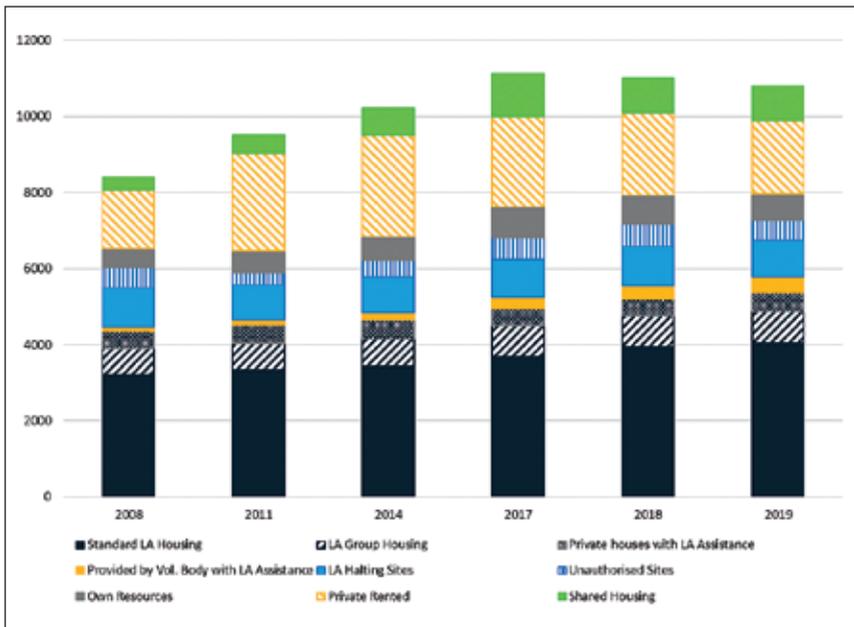
According to statistics compiled by the Department of Housing, Planning and Local Government, the number of families in all Traveller accommodation increased by over a quarter (28 per cent) between 2008 and 2019. The highest rate of increase was in accommodation provided by Approved Housing Bodies with the assistance of the local authority which rose by over 200 per cent (from 119 to 427 families), followed by an increase of 170 per cent in shared accommodation (from 345 to 933 families), those accommodated from their own resources (35 per cent, from 513 to 744 families), and those in private rented accommodation (26 per cent, from 1,516 to 1,919 families). During this period, the number of families accommodated on local authority halting sites decreased (8 per cent, from 1,035 to 952), while those in standard local authority housing increased by 25 per cent.

In 2019, the highest proportion of families were housed in standard local authority accommodation (25 per cent, 4,034 families) and private rented accommodation

(26 per cent, 1,919 families) with an overall drop of 211 or 1.9 per cent in the number of families (Chart 6.15).

In their report undertaken on behalf of the Housing Agency, RSM PACEC Ltd, identified overcrowding as a particular issue of concern (RSM PACEC Limited, 2017). For families living in caravans and mobile homes, these homes are not intended for use as permanent dwellings, or to accommodate multiple families. Continued harsh weather events have a devastating effect on many low-income households, but particularly on Traveller families living in this type of accommodation. (For more on this see Chapter 10) A 2018 Oireachtas Spotlight report also highlighted the issue of overcrowding in Traveller accommodation (Visser, 2018). This report cites Traveller organisations as stating that the current housing crisis is exacerbating overcrowding difficulties experienced by Traveller families. Families who have left private accommodation have, they state, ‘relocated to “sites that are already overcrowded, unsafe and uninhabitable” and reference increasing instances of safety and social behavioural problems as a result. Traveller families are also reported to experience greater levels of homelessness.

**Chart 6.15:** Traveller Families in All Categories of Accommodation, 2008 to 2019



Source: Department of Housing, Planning and Local Government, Annual Estimate of Accommodation of Traveller Families, various years

On the supply side, key challenges facing local authorities in implementing their Traveller Accommodation Programmes (TAPs) were reported as planning issues (the most pervasive planning challenges reported by local authorities and Traveller representatives were objections raised by settled communities and Elected Representatives which tend to delay the planning process); lack of effective assessment of need processes; and lack of effective monitoring and reporting processes. The Covid-19 pandemic appears to have prompted the local authorities to spend their allocations as 2020 was the first time in six years that they spent their allocation, spending €15 million of the €14.5 million allocated. It was also the highest spend on traveller accommodation in decades.<sup>31</sup>

The Spotlight report referred to earlier identifies an ‘implementation gap’ “in that it appears to have resulted in housing outcomes which contradict the policy intention” (Visser, 2018, p. 23). This would support the suggestion in the RSM report that some politicians are “involved in LTACCs [Local Traveller Accommodation Consultative Committee] for the purposes of opposing Traveller accommodation” (RSM PACEC Limited, 2017, p. 33).

In July 2019, the results of the Traveller Accommodation Expert Review were published (Traveller Accommodation Expert Review Group, 2019). In this Report, the Expert Review Group identified as a “fundamental problem” the lack of a strong evidence base for policy making. The direction of housing policy generally, whereby social housing is now provided by way of the private sector, also presents particular difficulties for Travellers as they face “strong barriers” in accessing private rented accommodation. This Report concludes with a series of recommendations on all aspects of Traveller accommodation provision, from delivery suitable to the need; to planning; capacity and resources; and governance. *Social Justice Ireland* supports these recommendations and urges Government to develop an implementation plan to ensure that they are effected.

The reported conditions experienced by Traveller families, that of increased overcrowding, discrimination within the private rented sector, greater risk of homelessness, and associated health difficulties warrants that this issue be treated as an emergency and that local authorities be compelled to utilise the increased funding available to ensure that Traveller families and their children are supported to live with dignity.

## 6.2 Key Policy Reforms

The Government’s housing plan, *Rebuilding Ireland*, is not working. It is characterised by profit and privatisation: private developers building on State land; private landlords receiving large subsidies to provide “social housing solutions”; private operators of emergency accommodation; and private investment in short-

<sup>31</sup> <https://www.irishtimes.com/news/social-affairs/almost-15m-spent-on-traveller-housing-the-largest-annual-spend-in-decades-1.4444019>

term, high-yield lettings. This is a policy failure. A new plan, with inputs from all stakeholders, including those directly affected by this worsening housing crisis, is urgently needed. To this end, *Social Justice Ireland* has a series of policy recommendations which we strongly urge Government to adopt.

### **Construction of Social Housing**

Reliance on the private rented sector, a sector entirely based on investments for return, to provide long-term accommodation for low-income families is a clear policy failure. The introduction of HAP saw Government provide a subsidy for landlords which guaranteed them an income in leaner times while delivering no reciprocal protections for tenants in times of rent inflation. The difficulties accessing these tenancies, and their precariousness, means that low-income families live in constant threat of eviction and homelessness. Government needs now to invest in capital projects to provide social housing and associated infrastructure. The change in classification of Tier 3 Approved Housing Bodies (AHBs), to inside the general government sector, means that local authorities and AHBs could pool their full property portfolios for the purpose of accessing low-cost credit. The European Investment Bank has committed to funding social housing projects in Ireland, included in the €291.3 million infrastructure package committed in 2018. A pool of approximately 180,000 rented properties between local authorities and AHBs would likely attract lower lending rates, so that differential rents, which traditionally do not cover costs associated with the provision of housing, could service more of the loan.

The ring-fencing by Local Authorities of rents received and any sale proceeds from tenant-purchase schemes should also be considered. Rather than forming part of the general local authority budget, money received should be dedicated to the maintenance and development of local authority housing. In their 2018 Report, Norris and Hayden (2018) recommended that local authorities freeze any tenant purchase schemes to maintain local authority housing stock and redesign the schemes so that former tenants can only sell their home back to the local authority. In the context of a national emergency, these are all areas which should be explored and implemented.

### **Cost Rental**

Cost Rental is a method of delivering new build homes where tenants pay a rent that covers only the costs of delivering on the build and the management and maintenance of the build. The Affordable Housing Bill 2020 (not yet enacted) makes a commitment to defining Cost Rental and placing it on a statutory footing. As part of the Housing for All commitment made in Programme for Government 2020, in February 2021, approval in principle was given for Ireland's first Cost Rental homes.<sup>32</sup> Budget 2021 allocated €35 million to Approved Housing Bodies (AHBs) to deliver approximately 350 cost rental homes in 2021 to middle income

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<sup>32</sup> <https://rebuildingireland.ie/news/minister-obrien-announces-first-cost-rental-schemes/>

households at rates that are, at a minimum, 25 per cent below those of the open market. *Social Justice Ireland* welcomed this development, however in order for cost rental to have an impact on rent affordability, this must be delivered to scale.

While the rate of rent inflation in Dublin is slowing, it is still accelerating across the rest of the country. In Budget 2019, the Government prioritised private landlords over the protection of tenants by reintroducing full tax relief on property-related loans. This was packaged as a support to landlords, particularly accidental landlords, struggling to make ends meet on their rental property. In reality, this move will disproportionately benefit institutional landlords new to the market. Accidental landlords are likely to be making interest and capital payments on their mortgage, which if taken out pre-2008 will have a significant capital element. Institutional landlords capable of accessing long-term interest only loans will therefore benefit to a far greater extent from an interest relief of 100 per cent. This relief will make it more attractive for existing landlords to evict tenants for the purpose of carrying out renovations which, if financed on an interest-only basis, could be recouped through the tax system. These landlords would then be able to put these properties back on the market at higher rents. Even where these properties are in Rent Pressure Zones, the lack of enforcement of these regulations means that tenants are paying above the 4 per cent increase envisaged.

Rent affordability is not only a problem for tenants. In its Quarterly Economic Outlook, IBEC pointed to “growing congestion” in transport, housing and childcare as presenting difficulties in attracting and retaining workers (IBEC, 2019). This is clearly unsustainable from a social and economic perspective. In June 2018, *Social Justice Ireland* made a submission to the Department of Housing, Planning and Local Government with an off-balance sheet model of cost rental as an affordable rental system. This model would see investment by both Government and private finance (the European Investment Bank funding could be part-utilised here), where Government would have a non-controlling stake in the delivery of affordable rented properties, the costs of which are fully recouped through the rent. Any subsidies available to other developers and tenants would apply here, so that tenants could avail of HAP or Rent Supplement, however as the nature of cost rent is to decrease over time with amortisation, this would present a significant saving to the State, which is currently at the mercy of a dysfunctional market.

### ***Homes not Hubs***

As seen earlier in this Chapter, the homelessness crisis is showing no sign of abating. Child and family homelessness have risen by over 320 per cent from November 2014 to November 2019 and with private rent inflation, persistent mortgage arrears and lack of construction of social housing, it is likely that this crisis will continue to deepen. *Social Justice Ireland* welcomed the publication of the Housing First National Implementation Plan 2018-2021 in September 2018, however the action to implement it is not keeping pace with the homelessness numbers. The thinking behind Housing First is that immediate permanent housing would be provided to

homeless people, followed by the full suite of ‘wraparound’ housing and health supports.

In Budgets 2019 and 2020, the Government committed to the expansion of family hubs for homeless families, notwithstanding the warnings from IHREC (Irish Human Rights and Equality Commission, 2017) and reports of the lived experiences of families and children accessing this accommodation (Ombudsman for Children’s Office, 2019). In its policy statement, IHREC recommended an amendment to section 10 of the Housing Act 1988 to limit the amount of time a family may spend in Family Hubs as well as other forms of emergency housing, a similar regime as in Scotland and something that *Social Justice Ireland* has been advocating for. This would then allow for the expenditure allocated to Family Hubs to be used to support the Housing First programme.

### ***Spectrum of Housing for People with Disabilities***

People with disabilities are more than twice as likely to report discrimination in accessing housing and over 1.6 times more likely to live in poor conditions and socially disadvantaged areas (Grotti, Russell, Fahey, & Maitre, 2018). While Equality legislation exists to prevent such discrimination, it is clearly not having the intended impact. *Social Justice Ireland* urges Government to review this legislation in light of increasing reports of discriminatory practices by private landlords.

People living with disabilities have a range of needs, from the very minimal to the very complex in care. The first step is the winding down of congregated settings, which needs to accelerate to minimise the harmful effect on people currently accommodated there. The next step is then the provision of alternative accommodation which takes account of a person’s, and their carer’s, needs. Housing design for people living with disabilities should incorporate a life-cycle approach to ensure that those with deteriorating conditions can continue to live a life with dignity and in their own home for as long as possible. This approach would see the adoption of Universal Design principles in the development of housing responses.

### ***Mortgage to Rent***

Mortgage to Rent is a mechanism for allowing overburdened mortgage holders to stay in their home as a tenant of the local authority / Approved Housing Body. Until recently, this was underutilised by lenders and housing bodies alike, due to issues with funding, difficulties managing properties in remote areas and lack of clarity about the status of any residual debt owed on the mortgage after the house had been sold. In 2018, private equity firms and investment vehicles entered the market to broaden the availability of this scheme. While at first glance this appears to be good news, it is imperative that all providers of Mortgage to Rent are held to the same standards of governance and accountability, and that security of tenure is guaranteed to the tenant should the investment vehicle wish to leave the market. A review of the Mortgage to Rent scheme, with particular focus on those households in late stage mortgage arrears, should be undertaken with the aim of

both providing stability for the families concerned and clearing down those loans from bank balance sheets.

### ***Traveller Accommodation***

The primary issue relating to the lack of suitable Traveller accommodation is not that funding is not being made available, as is the case in other areas of housing policy, but that this funding is not being utilised by the local authorities tasked with providing this accommodation. Stakeholder reviews have been undertaken to identify the type of accommodation most suitable and preferable for Travellers, however it is the ‘implementation gap’ identified in the Oireachtas Spotlight report referred to earlier in this Chapter (Visser, 2018) that is creating the barrier. As with other areas of housing policy, realistic targets should be developed for local authorities to provide Traveller families with safe, suitable accommodation. Discrimination and bias among elected representatives must be challenged and sanctions imposed on local authorities who do not access funding to meet developed targets.

### ***Commission on Housing***

A Commission for Housing, if created and managed well, could become an effective method of creating a “shared, coherent, achievable, long-term vision and enabling policy recommendations that will deliver to the people of Ireland, on a sustainable basis, good quality, secure, affordable homes, suited to their needs, in well-serviced communities”<sup>33</sup>. In participation with communities, the Commission could examine the types of accommodation required both now and into the future. This would require robust data in order that anticipated demand be met. There is an opportunity to ensure that the highest environmental standards are met and maintained for both the build and the ongoing energy efficiency of the home. Different tenure models can be explored ensuring that the broad spectrum of housing needs are met. There is by now, so much research done on what needs to be done to solve the current housing shortage. It is time to make good for those struggling now and to ensure that future generations do not undergo the same hardships in securing safe, secure, affordable, suitable housing in communities of their choosing.

## **6.3 Key Policy Priorities**

*Social Justice Ireland* believes that the following policy positions should be adopted in addressing Ireland’s housing and homelessness crisis:

- Set a target of 20 per cent of all housing stock to be social housing and achieve this through building more social housing.
- Establish a Commission on Housing

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<sup>33</sup> <https://www.focusireland.ie/wp-content/uploads/2019/06/Commission-on-Housing.pdf>

- Increase the provision of 'Housing First' accommodation for families in emergency accommodation, with wraparound supports to include public health nurses, dieticians, speech and language therapists, physical therapists, and mental health workers.
- Introduce legislation to limit the length of time families can spend in Family Hubs and other emergency accommodation.
- Allow local authorities and Approved Housing Bodies pool resources to finance this increased supply in a sustainable way.
- Ensure that no State land suitable for housing is sold by a Local Authority or State agency.
- Utilise existing housing development models to reduce the average price of a family home to below €220,000.
- Develop a system of affordable rent through the cost rental model, financed 'off-balance-sheet' to allow for supply to scale up without adding to the general government debt.
- Increase the rate of Local Authority rent inspections.
- Resource the enforcement of legislation targeting short-term lettings.
- Commence the legislation bringing a statutory tenant deposit scheme into effect (enacted in 2015).
- Enforce the Vacant Site Levy.
- Introduce sanctions for local authorities who do not utilise funding available to provide safe, sustainable Traveller accommodation.
- Review the Mortgage to Rent scheme for those in late stage mortgage arrears
- Introduce the reforms of the Personal Insolvency Legislation committed to in the Programme for Government
- Develop a spectrum of housing supports for people with disabilities.

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## Chapter seven

## Chapter 7 Healthcare

### Core Policy Objective:

To provide an adequate healthcare service focused on enabling people to attain the World Health Organisation's definition of health as a state of complete physical, mental and social wellbeing and not merely the absence of disease or infirmity.

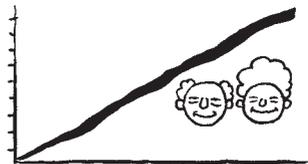
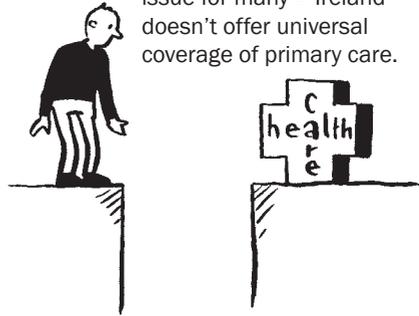


### Key Issues/Evidence

Health = a state of complete physical, mental and social wellbeing and must be seen as so.



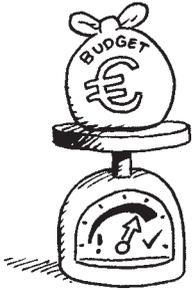
Access to healthcare is an issue for many – Ireland doesn't offer universal coverage of primary care.



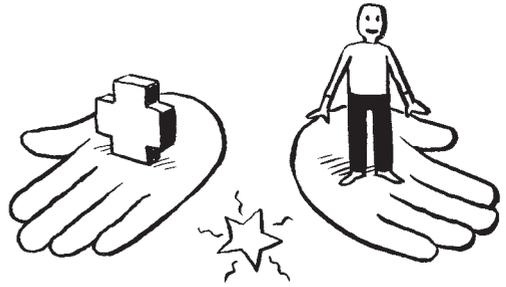
Our population is growing and it is ageing which means we need a different approach to healthcare – one we can access in our communities, close to home.



## Policy Solutions



Ensure that announced budgetary allocations are valid, realistic and transparent and that they take existing commitments into account.



Complete roll-out of Community Health Networks to ensure the availability and quality of Primary and Social Care services



Ensure medical card coverage for all people who are vulnerable.



Act effectively to end the current hospital waiting list crisis.



Create a statutory entitlement to Home Care Services.



Create additional respite care and long-stay care facilities for older people and people with disabilities.



Properly resource and develop mental health services.

Institute long-term planning and investment in the sector, acknowledging the impending demographic changes in Ireland, to ensure that we can cope with these changes.



## 7.

## HEALTHCARE

**Core Policy Objective: HEALTHCARE**

To provide an adequate healthcare service focused on enabling people to attain the World Health Organisation's definition of health as a state of complete physical, mental and social wellbeing and not merely the absence of disease or infirmity.

Healthcare services are fundamental to wellbeing - important in themselves and important to economic success in a range of ways, including improving work participation and productivity. Securing healthcare services and infrastructure is one of the key policy areas that must be addressed urgently as part of the Policy Framework for a New Social Contract set out in Chapter 2 under the heading of 'Decent Services and Infrastructure'. This is one of five priority areas identified by *Social Justice Ireland* which must be addressed in order to realise the vision for Ireland articulated there.

People should be assured of the required treatment and care in their times of illness or vulnerability. The standard of care is dependent to a great degree on the resources made available, which in turn are dependent on the expectations of society. The obligation to provide healthcare as a social right rests on all people. In a democratic society this obligation is transferred through the taxation and insurance systems to government and other bodies that assume or contract this responsibility. These are very important issues in Ireland today, where people attach importance to the health service. Our health system, and its workers, have been placed under tremendous pressure due to the COVID-19 pandemic since March 2020. The pandemic has highlighted shortcomings in our healthcare system and significant additional resources have had to be provided since.

This Chapter outlines some of the major considerations *Social Justice Ireland* believes Government should bring to bear on decision-making about the future of our health service.

In summary, if healthcare is to meet the standard set out here in the years ahead, *Social Justice Ireland* believes that Government needs to shift to a model that prioritises primary and social care that would:

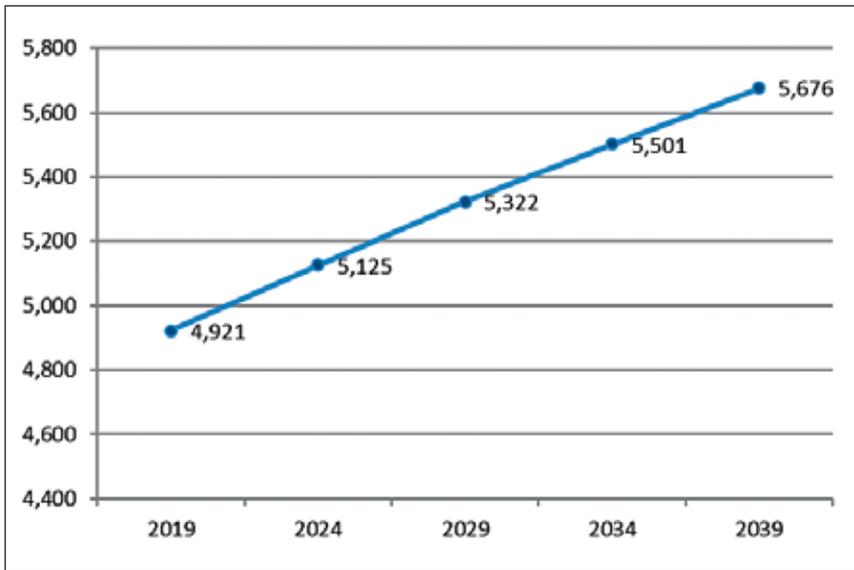
- Increase the availability and quality of Primary Care and Social Care services.
- Ensure medical card-coverage for all people who are vulnerable.
- Create a statutory entitlement to home care.
- Create additional respite care and long-stay care facilities for older people and people with disabilities and provide capital investment to build additional community nursing facilities.
- Institute long-term planning and investment in the sector, acknowledging the impending demographic changes in Ireland, to ensure that we can cope with these changes.

## **Key Evidence**

### ***Changing Demographics***

Ireland's population is growing, and its composition is changing – it is getting older. These changes will have a profound impact on our healthcare needs and on how we should organise it. Taking overall population growth first, **Chart 7.1** shows how Ireland's population of all ages is projected to grow from approximately 4.9 million to approximately 5.7 million (+11.8 per cent) between 2019 and 2039 (Department of Health, 2019b).

**Chart 7.1:** Ireland Population Projections ('000s) 2019-2039

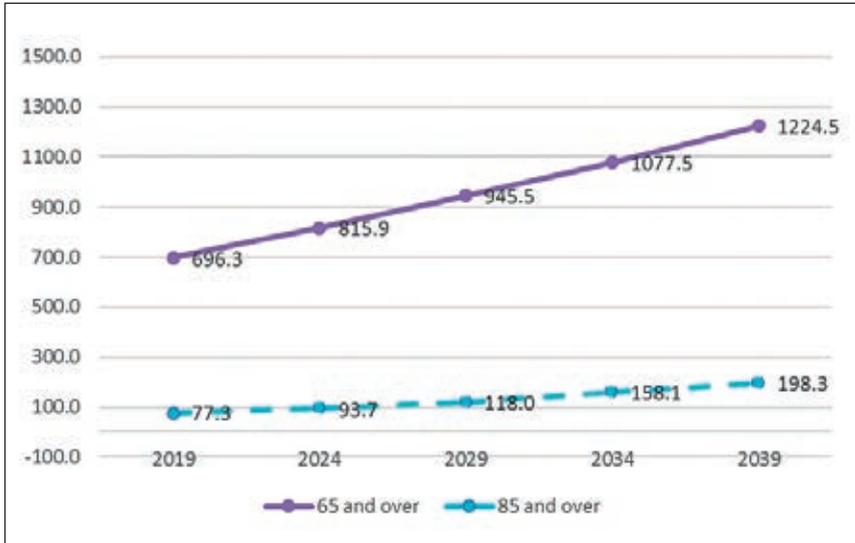


Source: Department of Health (2019b)

Although Ireland's population is young in comparison to other European countries, it is ageing. See **Chart 7.2**. In fact, Ireland's rate of ageing continues to be considerably higher than the average for EU countries. The population aged 65+ increased by 35.2 per cent since 2009, while the EU average rate of increase was 16.5 per cent (Department of Health, 2019b). Population growth is particularly marked amongst people aged 85+. This increase is happening quickly and steeply and will become even more pronounced over the next 15 years (Department of Health, 2019a). Some important facts about population ageing over the next 20 years (Department of Health, 2019b):

- **People aged 65+** numbered approximately 696,300 people (in 2019), and this is projected to rise to 1,224,500 by 2039; their numbers increase by about 20,000 per year.
- **People aged 85+** numbered approximately 77,300 in 2019, which is projected to rise to 198,300 by 2038 (a percentage change of 104.5).

**Chart 7.2:** Ireland Population Projections - Over 65s and Over 85s (000s), 2019 – 2039



Source: Department of Health (2019b).

Ageing populations are associated with increased longevity, a success story that is to be welcomed. But significant increases, particularly in the numbers of people who are over 85, will result in an increase in numbers living with long-term illness or disability and this must be planned for using an appropriate model of healthcare. The 2016 Census (CSO, 2017b) demonstrates a strong link between disability and increased age: in 2016, over 220,000 people aged 65+ had a disability, representing 35 per cent of that age group and also 35 per cent of the overall disabled population.

One clear implication is that there will be additional demand for healthcare services and facilities. The ESRI projected that demand for health and social care are increasing across all sectors (Wren *et al*, 2017). For example, they project the following increases in demand to 2030:

- 66 per cent for Home Care Packages, reflecting a high level of unmet demand,
- 54 per cent in hours for home care,
- 40-50 per cent for long-term and intermediate care places, and
- 37 per cent for public hospital inpatient services.

The ESRI has estimated the need for additional hospital beds (public and private) at between 4,000 (+ 26.1 per cent) and 6,300 (+41.1 per cent) between 2015 and 2030,

primarily due to population ageing (Keegan *et al*, 2018). The majority of these are required in public beds.

### Access and Waiting Times

Ireland remains the only western European country without universal coverage for primary care (OECD, 2019b). One of the most obvious concerns about the Irish Healthcare system is to do with access. Ireland's health system ranked 22<sup>nd</sup> out of 35 countries in 2018 (Health Consumer Powerhouse, 2019), but on the issue of accessibility, Ireland ranked *worst*.

That report notes that even if a waiting-list target of 18 months were reached, it would still be the worst waiting time situation in Europe. Irish hospitals are working near full capacity. The occupancy rate for acute care beds is among the highest in OECD countries, and while having a high utilisation rate of hospital beds can be a sign of hospital efficiency, it can also mean that too many patients are treated at the secondary care level (OECD/European Union, 2020). (See **Chart 7.3**, below). By comparison with other OECD countries, the share of the Irish population delaying or forgoing care is comparatively high (above 30 per cent) (OECD, 2019a).

Ireland's complex two-tier system for access to public hospital care means that private patients have speedier access to both diagnostics and treatment, while those in the public system can spend lengthy periods waiting for a first appointment with a specialist and for treatment. Official statistics suggest that an enormous 612,576 people were waiting for an outpatient appointment in November 2020 while 72,843 people were waiting for treatment as an in-patient or day case (National Treatment Purchase Fund, 2020). The COVID-19 pandemic may have contributed to the numbers on the waiting lists in 2020. However, as **Table 7.1**. shows, there have been very high numbers on waiting lists over many years.

Those waiting for outpatient appointments in November 2020 numbered over 612,000 and those numbers had increased in one year by about 49,100 people, or by almost 9 per cent. Both the 2019 and 2020 figures represent very large increases over the figure for the end of 2014. Those waiting for 18+ months numbered 156,955 in Nov 2020 (up from 88,361 in November 2018 or approximately +77 per cent in two years) and more than seven times greater than the figures for December 2014. The number waiting for in-patient appointments (72,843) in November 2020 was considerably worse than when compared with December 2014 (when it was just above 63,000). People waiting 18+ months for inpatient/day case appointment has almost doubled within the last year. And those waiting 18 months or more for an inpatient/day case appointment shows a huge increase within the past 6 years (about a fifteen-fold increase, 2014-2020).

**Table 7.1:** Waiting Lists for Outpatient and Inpatient/Day Case, 2014-2020

	Dec 2014	Nov 2016	Nov 2018	Nov 2019	Nov 2020
<b>Outpatients</b>					
Total waiting	385,781	440,629	515,360	563,410	612,576
Waiting 18+ months	20,474	29,478	88,361	105,502	156,955
<b>Inpatient/Day Case Active Waiting List*</b>					
Total waiting	63,105	81,103	70,989	66,594	72,843
Waiting 18+ months	566	4,001	5,413	4,577	8,629

**Source:** National Treatment Purchase Fund (2020).

\* People waiting for an appointment date for their treatment are categorised as 'Active'. In addition, there are other lists published by the National Treatment Purchase Fund. These include lists such as 'Patients who have a scheduled date for their admission are categorised as To Come In' (with 13,774 people on this list, Nov 2020), the 'Planned Procedure list' and a 'Planned Procedure GI Endoscopy'.  
See also, below, relative to children waiting for procedures.

Before the onset of COVID-19 the Irish public hospital system was already operating under pressure from high population growth and ageing, and as a result of system cuts to bed capacity in the preceding decades (Keegan et al, 2020). The COVID-19 pandemic has exposed the insufficient preparation of countries to cope with major public health emergencies. A report from the OECD and the European Union suggests that the costs of having more resilient health systems pale in comparison with the huge economic consequences of failing to do so (OECD/European Union, 2020). However, that report also notes that other looming crises, such as climate change and environmental degradation, are likely to increase the probability of repeated public health shocks and that building the resilience of our health systems and promoting a green recovery has never been so urgent.

### Healthcare Expenditure

Total health care spending as a percentage of Irish Gross Domestic Product (GDP) was 7.2 per cent in 2017 (the latest year for which comparable data are available from the Central Statistics Office), putting Ireland at sixteenth in EU-28 for total health spending. However, as a percentage of Modified Gross National Income (GNI<sup>1</sup>), total health expenditure in Ireland was 11.6 per cent in 2017 – the highest amongst EU countries. See **Table 7.2**. While cross-country comparison of healthcare expenditure is challenging, recent analysis has shown that Ireland's apparent high

<sup>1</sup> Modified GNI is an indicator recommended by the Economic Statistics Review Group designed to exclude globalisation effects that are disproportionately impacting the measurement of the size of the Irish economy.

ranking in an international context is driven by relatively high prices for healthcare delivery, particularly salaries, rather than due to the volume of care delivered (Keegan et al, 2020). In fact, the use of both primary care services (measured in terms of number of doctor consultations per person) and hospital care (measured in terms of number of admissions and discharges) is lower in Ireland than the EU average (OECD, 2019b).

Recent projections from the ESRI relative to expenditure suggest gross expenditure requirements for public acute hospital care of between €10.8bn and €14.4bn by 2035 (an expenditure increase of between 3.6 per cent and 5.4 per cent on average per annum), with pay costs being the largest single driver of expenditure growth (Keegan et al, 2020). That report also suggests that certain care currently delivered in hospitals could, in line with current Sláintecare reform proposals, be more appropriately delivered in the community if there were increased investment in community care. These projections are based on new ESRI projections for population and economic growth, both of which consider the impact of COVID-19.

Private health insurance plays a more important role in the Irish health system than in all other EU countries other than Slovenia (OECD, 2019b). But notwithstanding the fact that so many people have in-patient health insurance (around 46 per cent of the population in June 2020 according to the Health Insurance Authority), private health insurance contributes relatively little to Ireland's overall spending on healthcare at around 9 per cent of current public revenue (Burke *et al*, 2016). In 2017, the share of government financing in total health expenditure stood at 73 per cent, which, according to the OECD, is relatively low for a predominantly tax-based health system and below the EU average of 79 per cent (OECD, 2019b).

**Table 7.2:** EU Total Expenditure on Health as a Percentage of GDP, 2017

	% GDP	PPS € per capita
<b>Ireland% GNI*</b>	<b>11.6</b>	<b>3,405.3</b>
France	11.3	3,625.6
Germany	11.3	4,299.8
Sweden	11.0	3,870.9
Austria	10.4	3,875.2
Belgium	10.3	3,553.2
Denmark	10.1	3,694.6
Netherlands	10.1	3,790.5
United Kingdom	9.6	2,899.3
Finland	9.2	3,034.4
Portugal	9.0	2,028.4
Spain	8.9	2,370.7
Italy	8.8	2,482.6
Bulgaria	8.1	1,310.9
Greece	8.0	1,622.9
Czech Republic	7.2	2,095.9
<b>Ireland% GDP</b>	<b>7.2</b>	<b>3,405.3</b>
Hungary	6.9	1,468.0
Slovakia	6.7	1,608.7
Cyprus	6.7	1,674.1
Lithuania	6.5	1,604.8
Estonia	6.4	1,559.2
Latvia	6.0	1,212.7
Luxembourg	5.5	3,632.9

&gt;&gt;

	% GDP	PPS € per capita
Romania	5.2	1,029.2
Croatia	:	:
Malta	:	:
Poland	:	:
Slovenia	:	:

Source: CSO (2020). Note: 2017 rates not available for Croatia, Malta, Poland or Slovenia

Another issue is that healthcare costs tend to be higher in countries that have larger populations of older people, and Ireland currently has a relatively low proportion of older people (though it is growing, as already discussed). Those over 65 in Ireland make up 14 per cent of the population (2019) (Eurostat online database demo\_pjanind), and while the old age dependency ratio (the ratio of those aged 65 years and over to those aged 15-64) was 21.6 in 2019, it is projected to rise to 33.3 by 2038 (Department of Health 2019a). However, while increasing, is still one of the lowest ratios in EU, where the EU-27 average ratio is 31.4. See **Table 7.3**.

**Table 7.3:** EU and Ireland, some Population Comparisons, 2019

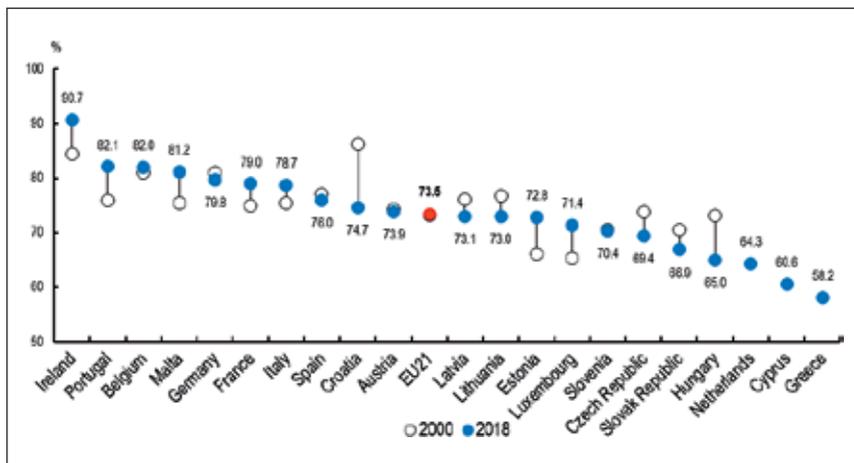
2018	Ireland	EU-27
Median age	37.7	43.7
Proportion aged 65+	14.1	20.3
Proportion aged 85+	1.6	2.8
Old age dependency ratio	21.6	31.4

Source: Eurostat Online Database demo\_pjanind (2020).

Even though Ireland spends more per capita on health than the EU average (health spending is about one-fifth higher) (OECD, 2019b), the number of beds per 1,000 population is considerably less than the EU average<sup>2</sup>. In 2018, bed occupancy rates for curative (acute) care averaged 73 per cent across EU Member States, but they were 91 per cent in Ireland (OECD/European Union, 2020). See **Chart 7.3**. This, as already noted, may signal over-reliance on the hospital or acute care sector. In fact, the OECD (2019b) has highlighted how in Ireland many hospital admissions could be avoided (especially for chronic conditions like Asthma and COPD) if there were improvements in primary care.

<sup>2</sup> Ireland 3 beds per 1,000 people; EU27 average, 5 per 1,000 people, 2018 (OECD/European Union, 2020, Figure 7.2)

**Chart 7.3:** Occupancy Rate of Curative (acute) Care Beds, 2000 and 2018 (or nearest year)



Source: OECD/European Union (2020) from OECD Health Statistics 2020 Eurostat Database.

Note: The EU average is unweighted

When it comes to dealing with the COVID-19 pandemic, whilst general hospital bed capacity matters, intensive care unit (ICU) capacity was paramount (OECD/European Union, 2020). Thus, the number of ICU beds is an important indicator of a health system’s capacity to respond to a crisis such as this one. Available data suggest that, before the COVID-19 crisis, the ICU capacity in Ireland was the lowest across 17 European countries with five ICU beds per 100,000 people, as compared with an average of 12.9 across the countries concerned (OECD/European Union, 2020). At 34 ICU beds per 100 000 people, Germany was the country with the most ICU capacity (OECD/European Union, 2020). However, since the start of the COVID-19 crisis, Ireland added a further 399 ICU beds (an extra 8.1 per 100 000 population) (OECD/European Union, 2020) and Government committed to increasing bed-capacity across a range of sectors (acute and community beds) in Budget 2021.

Like the governments of other countries, the Irish government made additional allocations in 2020 to the health sector to deal with the COVID-19 pandemic. These commitments included expanding hospital capacity, developing primary and community-based responses, procurement of medical equipment, and an assistance scheme for private nursing homes. Universal health coverage is a key pre-requisite to improving access to care for vulnerable groups (OECD/European Union, 2020), something, that might be said to be acknowledged in the government’s extension of coverage for GP visits for COVID-19 treatment to the entire population. However, the backdrop to the current situation is that

significant decreases in Ireland's health spending occurred over the austerity years at the same time as demands on health services increased. The COVID-19 pandemic has highlighted how our healthcare services, which had struggled in normal times, had to be provided with significant additional resources in amounts that would not even have been considered previously. What had been claimed to be impossible was taken to be the only sensible course of action during the crisis.

In Budget 2021, Government allocated an additional €3.7bn for current health expenditure. Especially welcome to *Social Justice Ireland*, given our promotion of primary care in recent decades, was the allocation of an additional €150m to support the redesign of care pathways to make care more accessible in the community, including the development of Community Health Networks and specialist integrated care teams. *Social Justice Ireland* also welcomed the additional €100m for disability health services in Budget 2021, while regretting that there was no increase in the Disability Allowance and the fact that no cost of disability payment was introduced despite Government commissioning work on this issue in Budget 2019.

In summary, we suggest that healthcare has been approached for some time in an unsustainable way that requires comprehensive reform of health policy. The model of healthcare used in Ireland contributes to these issues, including an over-emphasis on hospitals and acute care rather than primary and social care being more central, something we return to below. However, reform will not happen without prior investment. While recognising the significant additional resources provided in response to the COVID-19 pandemic, it is essential that the resources are deployed in a way which delivers the transformation of the health service in line with *Sláintecare*.

### **Key Policies and Reforms**

In the rest of this Chapter, we focus mainly on healthcare policies and how they address specific groups and issues, but we first make some preliminary points and outline some of the context for the analysis and discussion that follows. We first note that health is not just about healthcare – it is also about poverty and inequality. The second issue is to do with the model of healthcare in Ireland, which as we noted already, is problematic.

### **Poverty, Health and Life-Expectancy**

Health is not just about healthcare. The link between poverty and ill-health is well established by international and national research. A World Health Organization Commission that reported in 2008 on the social determinants of health found that health is influenced by factors like poverty, food security, social exclusion and discrimination, poor housing, unhealthy early childhood conditions, poor educational status, and low occupational status. In 2019 an OECD report again underlines that large inequalities in life expectancy exist by socio-economic status including education level, income or occupational group (OECD, 2019). According to this report, on average across OECD countries, people without high-school

diploma can expect to live about 6 years less than those with third-level education. People with low incomes are less likely to see a doctor while access to preventative services is systematically concentrated amongst the better-off. These findings echo the discussion on access to health services of the reports in *Social Justice Ireland's* European Research Series (see Social Justice Ireland, 2020). That report found that while the quality of health care is high in most EU countries, there are significant variations between countries with regard both to quality and access. Perceptions of unmet need for healthcare and perceptions of poorer quality of healthcare continue to be greater amongst poorer people in Europe than richer.

In Ireland, studies from the Irish Public Health Alliance (IPHA) detail striking differences in life expectancy and premature death between people in different socio-economic groups. An OECD report suggests that a high proportion of Irish adults report being in good health but there are differences across income groups (OECD, 2019b). Only 73 per cent of people in the lowest income quintile (lowest 20 per cent) assess their health as good, compared to 93 per cent in the highest income group (in 2017) (OECD, 2019b). Furthermore, the OECD (2019a) reported that Ireland was one of five OECD countries where people aged 65 and over in the lowest income quintile (lowest 20 per cent) are more than twice as likely to report living in poor or fair health, compared with adults in the highest income quintile.

A range of studies provide evidence that is of great concern relative to inequality and health in Ireland. The latest Irish Health Survey from the Central Statistics Office (2020a) suggests that the more disadvantaged a person is, the poorer their self-reported health status and the more they engage with the Irish health system. This survey also highlights the poorer health status of unemployed people compared to those in employment, as reported by people themselves. In particular, unemployed people report higher levels of mental ill-health compared to those in employment. Some key findings include:

- Affluent people are more likely to feel their health status is 'very good' or 'good' than people who are disadvantaged (92 per cent of very affluent persons compared to 78 per cent of persons who are very disadvantaged).
- Over a fifth (21 per cent) of unemployed persons report some form of mental ill-health compared to 9 per cent of those in employment.
- Prevalence of hospital in-patient admissions rises with age and disadvantage level.
- Physical activity declines with age and relative disadvantage level.
- (Central Statistics Office 2020a).

In older age, there are also large disparities in the experience of disability by income level: on average across EU countries, about 18 per cent of people aged over 65 in the highest income quintile (top 20 per cent) report disability (measured in terms of

activity limitations) compared with 43 per cent among those in the lowest income quintile (lowest 20 per cent) (OECD/European Union, 2020).

At the other end of the life-span, the *Growing Up in Ireland* study highlights a widening health and social gap by the time children are just 5 years old. Children from the highest social class (professional/managerial) are more likely than those from the lowest socio-economic group to be considered very healthy and have no problems (Growing Up in Ireland, 2013). A further study in this series shows that economic vulnerability, particularly persistent economic vulnerability, has negative consequences for the socio-emotional development of children, reinforcing the need for a policy focus on child poverty and deprivation (Watson *et al.* 2014). Thus, children's wellbeing is still largely shaped by parental circumstances and social position, resulting in persistent inequalities despite improvements in health, education and other areas in Ireland over time (ESRI, 2016).

Life expectancy is another area where there are differences between socio-economic groups.

Overall, Ireland shows an increasing life expectancy since the 1990s (Department of Health, 2019b). Life expectancy at birth stands at 84.1 years for women in 2018 (marginally above the EU-27 average of 83.6) and at 80.5 years for men (again, above the EU-27 average of 78.2 years) (Eurostat online database demo\_mlexpec). The gap between male and female life expectancy has narrowed in the past decade - male life expectancy had been 5.3 years below female life-expectancy in 1997 (Department of Health, 2019b). These are positive developments.

However, life expectancy differs based on socio-economic background (Central Statistics Office, 2019). For example, life expectancy at birth of males living in the most deprived areas in the State was 79.4 years in 2016/2017 compared with 84.4 years for those living in the most affluent areas. The corresponding figures for females were 83.2 and 87.7 years, respectively. The differential between female and male life expectancy was greatest in the most deprived areas.

The impact of Covid-19 has also not been immune to the disparities between socio-economic groups. Data available on the Government's Covid geohive shows that, as of the 10th of March 2021, the 14-day national incidence rate of COVID-19 was 201.2 per 100,000 people. But not all areas are created equally. COVID-19 infection rates are up to 50 per cent or more higher in disadvantaged areas compared to more affluent areas. Take Dublin as an example, a county with a range of socio-economic profiles. While the national incidence rate was 201.2 per 100,000 people, this compares to 163.1 in Blackrock, 144.2 in Dundrum, 165.7 in Howth-Malahide and 122.5 in Dún Laoghaire. The North Inner City has a rate of 415, more than twice the national rate, Ballymun-Finglas is more than two and a half times the national rate at 523.5. And so it goes, 461.7 in Blanchardstown - Mulhuddart, 394.3 in Donaghmede, 397.6 in Tallaght South and 365 in Ballyfermot-Drinagh.

These numbers are stark, they reveal the impact of poverty, service provision and safe employment and clearly debunk the myth that COVID-19 is a great leveller.

The above shows how poverty directly affects life-expectancy and the incidence of ill-health; it also limits access to affordable healthcare and reduces the opportunity for those living in poverty to adopt healthy lifestyles. In summary, poor people get sick more often and die younger than those in the higher socio-economic groups. The Department of Health (2019a: 1) acknowledges that Ireland faces significant challenges in this area and that inequalities in health and difficulties around access to healthcare are amongst the issues that if not addressed now, 'will lead to an unhealthy and costly future'.

### **Healthcare Model**

Problems with the Irish healthcare system are often apparent through difficulties of access though that is not the whole story. There are barriers in access to primary care, delays in Accident & Emergency Department admissions, and waiting times for access to hospital care in the public system. International experts note that Ireland is the only EU health system that does not offer universal coverage of primary care and that, despite increased investment during the previous decade, when the financial crisis occurred in 2008 Ireland still had poorly developed primary and community care services (WHO & European Observatory on Health Systems and Policies, 2014).

Accessing our complex system depends on whether one has a medical card, a GP visit card, private health insurance, private resources to spend on health services, where one lives and what type of services one is trying to access; it is also those who are poorest, sickest and those with disabilities who find it hardest to pay charges, to negotiate access, and who must wait longer for care (Burke, 2016). People who are poor and sick without medical cards fare worst in terms of coverage and access (Burke, 2016). In 2017, 32.3 per cent of households where at least one person had a medical examination or treatment in the last 12 months reported that the costs were a financial burden (CSO, 2018). For households with children, the corresponding rate was higher (35.3 per cent).

As well as delays in accessing treatment (see above), problems with overcrowding in emergency departments are a regular feature of the Irish system. According to the Irish Nurses and Midwives Association, the year 2019 saw the highest number of patients on trolleys in any year since records began with 108,364 people having queued for a hospital bed at some stage (INMO, 2019). In this situation many outpatient appointments and surgeries can be cancelled and so effects are felt throughout the system. The number of people on trolleys has been far lower in 2020, although 316 people were waiting without hospital beds on 15 December, the highest figure since the pandemic began in March 2020 (INMO, 2020). A national survey of patients found that 70 per cent (5,910) waited for more than six hours before being admitted to a ward, and 241 people (3 per cent) said that they waited 48 hours or more (Health Information and Quality Authority, HSE, and

Department of Health, 2017). We highlight these figures, conscious that behind each is unnecessary human suffering for many patients, often older people, left waiting on trolleys or chairs for hours or days before they are admitted to hospital, to say nothing about the risk to patient safety created in cramped conditions.

One of the things that contributes to this situation is inability to discharge people, often older patients, due to problems accessing support in the community and step-down facilities, nursing homes and other forms of support. An ESRI report highlights unmet need for formal home support, finding that Ireland provides formal care to only 24 per cent of those needing care and that (amongst the different groups examined) 38 per cent of people over 65 have unmet needs for care, as do 34 per cent of disabled adults (Privalko *et al*, 2019). It has also been estimated that increasing availability of rehabilitation beds would potentially free up 12 per cent of delayed discharge beds (Health Service Executive, 2017). Thus, community services are not fully meeting growing demands associated with population change reflected in the inappropriate levels of admission to, and delayed discharges from, acute hospitals. With increases in the population, especially amongst older people, the acute hospital system, which is already under pressure, will be unable to operate effectively unless there is a greater shift towards primary and community services as a principal means of meeting patient needs. This is particularly so in the areas of home support and continuing care and other supports enabling older people to live in the community for as long as possible.

Between 2009 and 2014, the predominant influence on health policy choices was austerity leading to continuous cuts to staff and budgets alongside an increasing demand for care (Burke *et al*, 2016). Research paints a picture of a fractured and uneven system of access (Burke *et al*, 2016). The Department of Health (2018) acknowledges that there is wide consensus that the current health service is not fit for purpose and needs to evolve considerably in the coming years, noting that there is an over-reliance on hospitals, that community-based services are fragmented, and that there is a lack of integration within and across different services.

The 2017 publication of Sláintecare by the Oireachtas Committee on the Future of Healthcare is welcome as is the implementation action plan published in 2019. Sláintecare makes proposals for a ten year strategy for health care and health policy in Ireland. However, as the OECD/European Union (2020) noted, while the Strategy and Action Plan commit to expanding eligibility for health care on a phased basis, they do not wholly commit to legislating for entitlement to care and the expansion of services required to

deliver universal health coverage. *Social Justice Ireland* welcomed the Sláintecare recognition that Ireland's health system should be built on the solid foundations of primary care and social care. However, *Social Justice Ireland* regrets the continued absence of ringfenced funding for Sláintecare infrastructure (see Social Justice Ireland, 2020a). In order to deliver the modern, responsive, integrated public

health system that the report envisages it is vital that the necessary investment is made available.

One would have to conclude that overall the thrust of recent policy is disjointed, lacks coherence and involved (in the recent past) expenditure reductions within a short space of time not compatible with a well-managed system. *Social Justice Ireland* is seriously concerned that the ageing of the population is not being properly planned for given that it will result in a steady increase in older people and people with illness and disabilities accessing services. Courageous political leadership is needed to implement a significant change in the healthcare model – and this requires an open debate about the choices involved and the intended benefits of a universal system that focuses on primary and community care.

Since the formation of the HSE in 2005, healthcare has consistently accounted for approximately a quarter of all voted expenditure (Department of Expenditure & Reform, 2017). Thus, an open and transparent debate on the funding of healthcare services and on the optimal delivery model is also needed. This debate must acknowledge the enormous financial expenditure on healthcare and the issues we raise above about healthcare expenditure, including the fact that, in international comparison, Ireland's per capita expenditure on healthcare is relatively high, despite a relatively young population.

Clearly significant efficiencies are possible within healthcare system – not least due to improvements in technologies. Experts in the area of health economics conclude that good versions of universal healthcare are affordable where services are provided efficiently (Normand, 2015). Obtaining value for money is essential, but efficiencies must be delivered without compromising the quality of the service and without disproportionately disadvantaging poorer people. As well as a debate on the overall budget for healthcare, there should be transparency on the allocation to each of the services. Approximately 55.2 per cent of the budget was allocated to Primary, Community and Continuing Care (in 2019), which includes the medical card services schemes (Department of Health, 2019b, figure 6.2). *Social Justice Ireland* recommends an increase in this percentage and greater clarity about the budget lines. Ireland must decide what services are required, how these should be funded and prioritized (geographically and in other respects). Reform will require investment *before* savings can be made. Not undertaking the required prior investment will mean that recurring problems illustrated above and in the rest of this Chapter will continue and will be exacerbated as our population ages.

Community-based health and social services require a model of care that:

- is accessible and acceptable to the communities they serve;
- is responsive to the particular needs and requirements of local communities;
- is supportive of local communities in their efforts to build social cohesion;

- accepts primary care as an integrated component of the model of care, affording it priority over acute services as the place where health and social care options are accessed by the community; and
- recognizes the need for adequate resources across the full continuum of care, including primary care, social care, and specialist acute hospital services, to fully meet the needs of our growing and ageing population.

There are several key areas requiring action if the basic model of care that is to underpin the health services is not to be undermined. These areas include:

- Older people's services
- Primary care, primary care teams and primary care networks
- Children and family services
- Disability,
- Obesity, and
- Mental health.

We now address each of these in turn.

### **Older People's Services**

A well-developed, co-ordinated and integrated approach to the management of older people's needs reduces referrals to long-term residential care (Department of Health, 2015). A report from the ESRI suggests that people stay a shorter period in hospital in Irish counties with better supply of home care and long-term residential care services (Walsh *et al*, 2019). Thus, better home care and long-term residential care supply can help reduce older patients' length of stay in acute hospitals (Walsh *et al*, 2019).

The ostensible Government policy commitment to support people to remain in their own homes (which coincides with the wishes of most older people) was not evidenced by the significant decrease in the provision of Home Help hours<sup>3</sup> following 2008 at a time of population ageing. As previous iterations of this review have evidenced, numbers of people receiving home help and the hours allocated reduced from 2008 and especially from 2010, and there were still fewer people in receipt of Home Help support in 2017 than there had been in 2008 (see Healy *et al*, 2019). Numbers of people in receipt of Home Care Packages (HCPs) grew after 2008 but the funding for that scheme was largely static for many years and the average value of each package fell (Department of Health, 2015).

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<sup>3</sup> HSE reports make it clear that older people are the main beneficiaries of Home Help services and Home Care Packages.

In 2018, two home care schemes were amalgamated by the HSE making comparison of their delivery with earlier years difficult. The HSE Annual Report for 2019 suggests that 17.48 million hours of home support (combining home care packages and home help but not intensive home care packages) were delivered to some 51,300 people. As compared with 2018, this represented an increase in the number of hours (+2 per cent) but a decrease in the numbers of people in receipt of these services (-3.1 per cent). In addition, 376,665 hours of intensive home care packages were delivered to 188 people, which represent decreases on the figures for 2018 (HSE, 2020a). See **Table 7.4**.

As already discussed, Ireland provides relatively low levels of formal home care by comparison with several other countries and research suggests that 38 per cent of older people who need home care do not have their needs met; they were also the group with the highest level of unmet need (Privalko *et al*, 2019). Indeed, the HSE itself suggests that home care has not kept pace with population growth or population ageing and that demand for home support continues to exceed the level of service that is funded (HSE, 2019a: 38; HSE 2020a). The HSE performance report (to June 2020) suggests that 5,689 people were waiting on funding for home support (HSE, 2020b). This had decreased from the earlier months of the year, when the number had well-exceeded 7,000; it also represents a decrease on the numbers of people waiting in June 2019 (7,219 people) (HSE, 2020b). The Department of Health told the Oireachtas Committee on the COVID-19 response (2020:35) that it hopes to reduce the list of those waiting for home support to a very small number, or to get rid of it entirely, by October 2020, as it recognises this is a method of keeping people safe and out of hospital. Amongst the issues that the pandemic has highlighted is fragmentation in how we provide long-term care for older people and the relative detachment from the health service of private nursing homes (see Houses of the Oireachtas Special Committee on Covid-19 Response, 2020). It is to be hoped that the shortcomings in the response to COVID-19 within nursing homes in the first half of 2020 and the high levels of deaths of residents (see Houses of the Oireachtas Special Committee on Covid-19 Response, 2020) might lead to a more community focused approach to long-term care of older people in the future as well as better linkages and oversight between public and private sectors.

**Table 7.4:** Support to Older People in the Community and in Nursing Homes

	2012	2013	2015	2016	2017	2018	2019
<b>Home Support*</b>							
People in Receipt						53,000	51,345
Hours delivered						17.13m	17.48m
<b>Intensive Home Care Packages</b>							
People in Receipt						250	188
Hours Delivered						406,000	376,665
<b>NHSS (Fair Deal) funded places</b>							
Numbers of People	22,065	23,007	23,073	23,142	22,949	23,305	23,629
% of 65+ population** (approx.)	4.02	4.06	3.96	3.7	3.5	3.5	3.3

Source: HSE Annual Report and Financial Statements (2012 – 2019).

\* Comprising Home Care Packages and Home Help services; Figures amalgamated for these two services from 2018 making comparison with previous years difficult. For figures for each service from previous years see Healy et al, 2019.

\*\* A person within the NHSS is most likely to be aged over 80 years of age (Collins, 2019).

Over 60 per cent of the older people's budget goes towards long-term residential care while only approximately 4 per cent of the over 65 population live in residential care settings (Department of Health, 2015:56). The number of people supported by the NHSS (Fair Deal) scheme in 2019 was approximately 23,600 or approximately 3.3 per cent of those aged 65+, a proportion that has been static or falling over recent years, as **Table 7.4** shows.

*Social Justice Ireland* (2020a) welcomed many initiatives in Budget, 2021, such as the commitment to community care and Sláintecare and including an extra 5 million hours for home support. We have long argued for a more community based approach and we acknowledge the additional €150m committed in Budget 2021 to support developments that include Community Healthcare Networks and Specialist Integrated Care Teams for Older People and Chronic Disease in line with Sláintecare.

A statutory basis for home care has been called for by *Social Justice Ireland* and initiatives taken in this direction in recent years are welcome. However, while

a consultation process was commenced to consider establishing a statutory homecare scheme, recent media reports suggest that its implementation has now been deferred until 2022, which is unfortunate. Supporting people to live at home requires an integrated approach that ensures access to a range of supports in the home as well as transitional facilities. To achieve this, deficits in infrastructure need to be addressed urgently with an emphasis on replacement and/or refurbishment of facilities. If this is not done, the inappropriate admission of older people to acute care facilities will continue with consequent negative effects on acute services and unnecessary stress on people and their families. A related issue is the shortage of short-stay community beds intended to enable people to return to their own homes after a period of intervention and support (including step-up, step-down, convalescence, assessment and review, respite and rehabilitation services).

The National Clinical Programme for Older People (2012) recommendations have not been implemented requiring that hospitals have a dedicated specialist geriatric ward and a multi-disciplinary team and access to structured rehabilitation (O'Neill, 2015). Thus, the fundamental right of an older person to receive an adequate period of rehabilitation before a decision with regard to long-term care is made is not upheld.

Planning and investment are required to meet the challenges presented by population ageing, and also to address the infrastructural deficits created by underinvestment. Health-promotion measures and action to facilitate the full participation of older people with disabilities in social life are also required, as well as a comprehensive approach to care services that would include integrated services across the areas of GP care, public health nursing, home care supports, acute hospital care, rehabilitation, short-term and long-term care.

*Social Justice Ireland* believes that on the capital side, an investment in the order of a total of €500 million over five years (€100 million each year), is required to meet growing need. This would enable some 12 to 15 community nursing facilities with about 50 beds each to be replaced or refurbished each year. In addition to supporting the needs of older people, this proposal would also stimulate economic activity and increase employment in many local communities during the construction periods.

Substantial commitments on healthcare expenditure were made in Budget 2021 including €425m for enhanced community and Social Care Services. This is very welcome. There is unmet demand for home care for older people and an allocation in the region of €500m is required to go some distance towards meeting this demand.

### **Primary Care**

Countries with a strong primary care sector have better health outcomes, greater equity, lower mortality rates and lower overall costs of healthcare (Department of Health, 2016). The development of primary care teams (PCTs) and primary care networks across the country was intended to have a substantial impact on

reducing problems within healthcare provision, and to shift from over-reliance on acute hospital services to a more community based model. The Primary Care Team is intended to be a team of health professionals that includes GPs and Practice Nurses, community nurses (i.e. public health nurses and community RGNs), physiotherapists, occupational therapists and home-care staff.

It was envisaged that 530 Primary Care Teams supported by 134 Health and Social Care Networks would cover the country (each to cater for 3,000-7,000 people). Community Healthcare Networks (CHNs) were subsequently envisaged as the fundamental unit of organisation for the delivery of community healthcare delivering services to an average population of 50,000 people (HSE, 2020a). The allocation in Budget 2021, noted already, and the promised allocation for Budget 2022 will go a considerable distance towards ensuring the full roll-out of the CHNs.

The work done on existing centres and networks is welcome and *Social Justice Ireland* has acknowledged the commitment in Budget 2021 to community care and to development of Community Healthcare Networks. However, much more is needed to ensure that they are properly operational, staffed and integrated within the entire system. Without this they are unlikely to command the confidence and trust of local communities. *Social Justice Ireland* has called for the roll out of the full complement of CHNs intended, amongst other things, to support primary care teams. Greater transparency about their planning and roll-out is also needed. A comprehensive plan for their implementation should be published. This plan should clearly outline how the Primary Care Teams and networks will link with mental health and social care services and how collectively these community services will be integrated with acute hospital services as well as other important services at local government, education and wider community level.

*Social Justice Ireland* believes that an investment of €250 million over a five-year period is needed to support the infrastructural development of the PCTs and CHNs.

### **Children and Family Services**

Even though Ireland's population is ageing rapidly, Ireland still has the highest proportion of children under 14 in the EU - with those under age 14 representing over one fifth of our population (20.5 per cent) in 2019, contrasting with an EU-28 average of 15.2 per cent (Eurostat online database demo\_pjanind). Figures from the HSE's performance report for June 2020 suggest that there were over 8,700 children on hospital inpatient waiting lists (based on combined figures for inpatient and day case lists) (HSE, 2020b). Over 2,000 of them were waiting for 12 months or more (HSE, 2020b). A breakdown for children on the outpatient list was not included<sup>4</sup>, but data from the National Treatment Purchase Fund suggests that there were 44,470 children on the Outpatient waiting list in November 2020 of whom over 14,000 were waiting for 18+ months (NTPF, 2020). Another area of

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<sup>4</sup> The total number of people on the outpatient list, in June 2020 was 584,399 (adults and children) and, as Table 7.1 shows, it was 612,576 in Nov 2020.

concern has been highlighted by the Office of the Ombudsman for Children and concerns significant delays in assessments of need<sup>5</sup> of children with disabilities (Ombudsman for Children's Office, 2020b). The HSE acknowledges that demands in this area have grown and statutory timeframes for the completion of assessments of needs are routinely not met (Ombudsman for Children's Office, 2020b).

There is a need to focus on health and social care provision for children and families in tandem with the development of primary care networks and a universal approach to access to healthcare. In 2016 the United Nations Committee on the Rights of the Child voiced concerns about children's health in Ireland, including concern about the state of health of children in single-parent families, children in poverty and Traveller and Roma children (UN Committee on the Rights of the Child, 2016). The Committee also raised concerns about children's mental health services, long waiting lists for access to mental health support, and insufficient out-of-hours services for children and adolescents with mental health needs, particularly eating disorders. The report also expressed concern about the high number of suicides among adolescents. It also stated that Ireland should adopt all-inclusive legislation that addresses the health needs of children.

*Social Justice Ireland* welcomed the extension of free GP care for children aged under 6, the proposed extension to children aged under 12 and the allocation as part of Budget 2020 to extend this to children under 8 during 2020 (subject to legislation and negotiation with representative organisations of GPs). But progress has been slow. According to the Children's Rights Alliance (2020), although all children under six are eligible to avail of the free GP scheme without their parents having to undergo a means test, only 93.5 per cent (approximately 357,276 children) in this age group were registered under the scheme as of November 2019. This is welcome, but it is not clear why any children are not registered for the service. There are concerns that children from vulnerable groups (including Traveller, Roma, migrant and undocumented children) may experience barriers in accessing their entitlement to free GP care. The vulnerable situation of children affected by homelessness is increasingly recognised as the number of homeless families has increased significantly. According to the HSE Service Plan for 2020, more than one in three people in emergency accommodation is a child (3,873) (Health Service Executive, 2019b)

A welcome initiative of recent years was the implementation of an automatic entitlement to a medical card for all children in receipt of Domiciliary Care Allowance (DCA) (from 2017) - this being a monthly payment for children under 16 with a 'severe disability' who require ongoing care and attention. However, the Children's Rights Alliance (2020) has highlighted delays in processing applications for DCA as well as the fact that a high proportion of applications that are successful are being rejected on first application and require appeals involving further delays.

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<sup>5</sup> An assessment of needs is arranged by the HSE to determine the health or educational services required by a person with a disability.

This also delays access to a medical card for these children who have significant needs.

In 2006, *A Vision for Change* (revised as per Census 2011 data) recommended the establishment of 129 specialist Child and Adolescent Mental Health (or CAMHs) teams. That strategy was replaced in 2020 by *Sharing the Vision*. Though *A Vision for Change* was due for full implementation by 2016, there have been problems with implementation and many gaps remain in both the primary care and in the specialised Child and Adolescent Mental Health Services (CAMHS) systems. The total number of CAMHS teams in place in 2019 amounted to only 71 (HSE, 2020a). Waiting lists for CAMHS can be significant, with 2,300 children waiting for an appointment at end of December 2019 (Ombudsman for Children's Office, 2020a).

The 2019 Annual Report from the Mental Health Commission suggests that there are only CAMHS units in three counties nationally, and they generally do not take out-of-hours admissions (Mental Health Commission, 2020). Thus, as that report notes, children and young people in crisis are left with the unacceptable 'choice' between an emergency department, general hospital, children's hospital, or an adult in-patient unit. In 2019 there were 54 admissions of children and young people to adult units (Mental Health Commission, 2020). This practice has been criticised nationally by the Mental Health Commission and internationally by the UN Committee on the Rights of the Child.

Many community and voluntary services are being provided in facilities badly in need of refurbishment or rebuilding. Despite poor infrastructure, these services are the heart of local communities, providing vital services that are locally 'owned'. There is a great need to support such activity and, in particular, to meet its infrastructural requirements.

*Social Justice Ireland* believes that a total of €250 million is required over a five-year period to address the infrastructural deficit in Children and Family Services. This amounts to €27 million per area for each of the nine Children Services Committee areas, and a national investment of €7 million in Residential and Special Care.

As well as the issues just highlighted also needing attention are issues of child protection, policy on early childhood care and education, child poverty, youth homelessness, addressing disability issues among young people and the issue of young carers.

## **Disability**

Census figures suggests that 13.5 per cent of the population, or 643,121 people, experience disability (Central Statistics Office, 2017a). This represented an increase of 47,796 persons (+8 per cent) on the 2011 figures. Disability policy was set out in the National Disability Strategy from 2004 (and its 2013 Implementation Plan) and, more recently, in the National Disability Inclusion Strategy, 2017-2021. The HSE has committed to a national programme, *Transforming Lives*, intended

to build better services for people with disabilities. There are many areas within the disability sector in need of further development and core funding, and an ambitious implementation process needs to be pursued.<sup>6</sup>

People with disabilities were cumulatively affected by a range of decisions introduced as part of successive austerity Budgets. These included cuts to social welfare payments, changes in medical card eligibility, increased prescription charges, and cuts to supports such as respite, home support hours and housing adaptation grants. People with disabilities experience many challenges. The Central Statistics Office reports that 43 per cent report some form of depression, well above the average (of 14 per cent) (Central Statistics Office, 2020a). Disability is also strongly associated with poverty in Ireland. Among people who are unable to work due to illness or disability more than one in three (35.4 per cent) live on an income below the poverty line (Social Justice Ireland, 2020a). Among those who are able to work many people with a disability are unemployed; a classification where more than four in ten are in poverty. *Social Justice Ireland* (2020a) welcomed the additional €100m for disability health services in Budget 2021 in line with *Transforming Lives Programme* and the UN Convention on the Rights of Persons with Disabilities. On the other hand, we expressed regret that there was no increase in the Disability Allowance and in respect of failure to introduce a cost of disability payment despite a previous commitment to commissioning work on this issue. If people with a disability are to be equal participants in society, the extra costs generated by their disability should not be borne by them alone. Progress on this issue is long overdue.

In December 2018, it was announced that the medical card earnings disregard for persons in receipt of Disability Allowance would be increased, intended to provide that more people will retain access to a Medical card while they work. Another development concerns carers who (since 2018) became entitled to free GP care if they are in receipt of full or half-rate Carer's Allowance or Carer's Benefit. These are welcome measures that help ease the financial strain on people with disabilities or on families caring for a person with disabilities. However, research highlights ongoing problems for disabled people, especially in respect of community and home supports. Examples are already given above relative to delays in delivery of assessments of need for children with disabilities and in respect of community mental health services for children and young people. One study suggested that almost 1,500 younger people with disabilities are residing in nursing homes in Ireland, in part because community supports are not sufficient (Pierse, Kilcullen and Duffy, 2018). And, as highlighted already, research from the ESRI suggests that that 34 per cent of disabled adults have unmet needs for home care (Privalko *et al*, 2019). That report also found that in comparison with other countries, in Ireland, adults with a disability receive relatively little formal home care. The Central Statistics Office (2020a) found that approximately a quarter of persons with disabilities report having unmet health care needs due to waiting times, compared to a State average of 14 per cent.

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<sup>6</sup> Other disability related issues are addressed throughout this review.

A range of policy documents over recent years have proposed major changes in the way that disability services are delivered. Amongst them, The Value for Money (VFM) & Policy Review of Disability Services in Ireland 2012 recommended radical transformation. Recent HSE Service plans suggest that there has been some progress setting up the structures and processes necessary to implement the type of change-programme envisaged. However, *Social Justice Ireland* is concerned that the pace of change is too slow and that additional targeted resources will need to be provided to ensure that a comprehensive and lasting system-wide change initiative is delivered to the benefit of service users and local communities. *Social Justice Ireland* called for a dedicated reform fund to support the transition to a new model of service, given the scale of infrastructural development required to move away from communal settings towards a community based, person-centred model of service.

A Taskforce on Personalised Budgets recommended that the Department of Health and the HSE should establish demonstration projects with a view to identifying the best approach to the wider roll-out of these payment models. As mentioned, work is also ongoing relative to establishing a statutory homecare scheme, which was welcomed by *Social Justice Ireland*. People who responded to the consultation process involved felt that there should be a comprehensive policy framework, integrating care with health, disability, older people, carers, housing and transport policies, all of which were considered vital for wraparound support for people living at home for longer (The Institute of Public Health, 2018). We are still waiting to see whether the scheme that emerges from this process is capable of doing so and are concerned that the implementation of the new scheme appears to be delayed until 2022.

Disabled people need to be supported, not only by the health service, but by the Department of the Environment through Local Authorities with regard to housing need, through the Department of Social Protection in terms of income supports, as well as by the Department of Education through education and training.

### **Obesity and Chronic Illness**

Based on the Irish Health Survey, 2019, the CSO suggests that over half of Irish adults (that is, aged 15+) are overweight or obese with over a quarter, 26 per cent, registering as obese alone (Central Statistics Office 2020a). The OECD (2019b) suggests that overweight and obesity rates in Ireland are higher than in most other EU countries. Obesity and food poverty impact on people's diets and there is a clear relationship between poor diet and disease. Ireland is experiencing high levels of both; 7 per cent of children, rising to 36 per cent of older people, are obese and food poverty affects almost one in eight citizens (Irish Heart Foundation and Social Justice Ireland, 2015). People from lower socio-economic backgrounds experience a greater degree of overweight and obesity, and without change, a significant impact on quality of life, life expectancy and healthcare costs in Ireland is predicted (Layte and McCrory, 2011).

*Social Justice Ireland* called for a Sugar Sweetened Drinks Tax and welcomed its introduction in Budget 2018. We have also called for an investment financed by the Sugar Sweetened Drinks tax to develop effective obesity prevention programmes and meet the targets in the Obesity Policy and Action Plan 2016-2025.

## **Mental Health**

The area of mental health is one requiring urgent attention. Mental health is critical to individual well-being, as well as for social and economic participation and yet it is estimated that more than one in six people across EU countries had a mental health issue (in 2016), equivalent to about 84 million people (OECD, 2018). The connection between disadvantage and ill health when the social determinants of health (such as housing, income, childcare support, education and so on) are not met is well documented. This is also true in respect of mental health issues. So, for example, people in the lowest income group are more than two times more likely to report chronic depression than those in the highest income group across the EU (OECD, 2018). Looking at the situation across Europe, it is reported that the COVID-19 pandemic has increased the risk of development of various mental health conditions, particularly amongst young people and people in lower-income groups (OECD/European Union, 2020). The COVID-19 crisis has had a marked impact on the mental health of both people with pre-existing mental health conditions and the general population; it has also added further stress to mental health services and compounded issues of access to them (OECD/European Union, 2020).

The estimated prevalence of mental health disorders is relatively high in Ireland compared with other European countries yet spending on mental health is relatively low (OECD, 2018).

By December 2018 there was a total of 1,687 staff in the General Adult Community Mental Health Service, which (according to the HSE) represents 74.8 per cent of the clinical staffing levels recommended in the 2006 policy roadmap *A Vision for Change* (HSE, 2018). Thus, unfortunately, the pace of implementation has been extremely slow. This is confirmed by the Mental Health Commission, which highlight how ‘the current system is ad hoc, sporadic, lacks integration, and much of the mental health interventions are still linked to institutional care instead of community’ (2020:3).

In 2019, the Inspector of Mental Health highlighted the continued lack of development of mental health rehabilitation services (rehabilitation in this context meaning an approach to recovery from mental illness that maximizes quality of life and social inclusion). One example relates to recommendations from *A Vision for Change* (2006) to develop 48 rehabilitation teams, whereas there were then (in 2019) only 23 poorly staffed teams (Finnerty, 2019). That report also considers it to be ‘imperative’ that funding is made available to implement a Model of Care for the provision of rehabilitation mental health services, rather than simply providing highly supported residential care.

Funding has been allocated in recent budgets for mental health services. *Social Justice Ireland* welcomed these allocations. However, progress in implementation has continued to be slow related partly to recruitment difficulties.

**Areas of concern in mental health:** There is a need for effective community services including effective outreach and follow-up programmes for people who have been in-patients in institutions upon their discharge into the wider community. These should provide:

- sheltered housing (high, medium and low supported housing);
- monitoring of medication;
- retraining and rehabilitation; and
- assistance with integration into community.

In the development of mental health teams there should be a particular focus on people with an intellectual disability and other potentially vulnerable groups, including children, homeless people, prisoners, Travellers, asylum seekers, refugees and other minority groups. People in these and related categories have a right to a specialist service to provide for their often complex needs. A great deal remains to be done before this right could be acknowledged as having been recognised and honoured in the healthcare system.

Research and development in all areas of mental health are needed to ensure a quality service is delivered. Providing good mental health services is a necessary investment in the future wellbeing of the country. Public awareness-raising should continue, to ensure a clearer understanding of mental illness so that the rights of those with mental illness are recognised.

### ***Older people and Mental Health***

Mental health issues affect all groups in society and people of all ages. Dementia is not the only mental health issue to affect older people. It is not an inevitable part of ageing nor is it solely a disease of older age, but older people with dementia are a particularly vulnerable group. Numbers of people with dementia in Ireland are estimated at between 39,000 and 55,000 (depending on the international prevalence rates used) and the incidence has increased as the population has aged to at least 7,752 new cases per year (Pierse, O'Shea and Carney, 2019). At least 11,175 people are estimated to be living at home in Ireland with dementia who have a serious functional impairment (Pierse, O'Shea and Carney 2019). However, by December 2019, there were 362 staff (clinical 319) working in 32 Psychiatry of Later Life Service teams, which represents 61 per cent of the clinical staffing level as recommended in *A Vision for Change* (HSE, 2020c). Measures to contain the COVID-19 virus in many countries have also made people in receipt of long-term care even more socially isolated, with potentially significant repercussions for their mental health (OECD/European Union, 2020).

A co-ordinated service needs to be provided to meet the demand occasioned by population growth and population ageing. The uncoordinated and fragmented provision of specialist care units for people with dementia represents an example of a lack of planning and coherence. It is generally agreed that the needs of people with dementia are unmet within long-term care and that many symptoms are caused, not by dementia itself, but from the quality of care people with dementia receive in inappropriate settings (Cahill *et al*, 2015). As a consequence, specialist care units are required, but where they exist in Ireland, they account for only 11 per cent of the long-term care facilities (54 units), and accommodate only 7 per cent of long-term care residents despite the fact that more than 60 per cent of residents living in long-term care facilities are estimated to have dementia (Cahill *et al*, 2015). A high proportion of specialist units that do exist care for people in groups larger than the recommended small-group living arrangements, and there are significant inequities regarding access to them and their geographic location (over 50 per cent were in only four counties).

A National Dementia Strategy was published in 2014 focused on three priority areas– intensive home care supports, GP education, and training and dementia awareness. This was welcome. However, there are many areas that also require investment, including day centres, respite services and other supports for carers, quality long-term care (at home and in care settings) and specialist care units, as well as evaluation and monitoring of all services.

### ***Suicide – a Mental Health Issue***

Suicide is the ultimate, and most deadly, manifestation of mental health issues. Over time Ireland’s suicide rate rose significantly from 6.4 suicides per 100,000 people in 1980 to a peak of 13.9 in 1998 (National Office of Suicide Prevention, 2011). A downward trend from 2003 stopped in 2007, something attributed by the National Office of Suicide Prevention in part to the change in the economy.

The most recently available statistics (to 2019) suggest that the 2019 rate continues to be lower than it was in 2012, although there was an increase between 2018 and 2019 (provisional rates/figures) (National Office of Suicide Prevention, 2020). The overall rate was 12.6 per 100,000 people in 2012; it had dropped to 7.2 per 100,000 in 2018 but rose again to 8.6 in 2019 (National Office of Suicide Prevention, 2020). The numbers affected were 421 people in 2019. Most suicides were amongst males – 317 males, 104 females in 2019 (again, based on provisional statistics) (National Office of Suicide Prevention, 2020).

While it is not easy to compare suicide rates among European countries (because of variations in registration and reporting systems), at 8.41 per 100,000 in 2017 the Irish rate was the ninth lowest among 33 countries (National Office of Suicide Prevention, 2020a). However, comparing rates of suicide of young people (aged 15-19) suggests that Ireland had 13<sup>th</sup> highest among 31 countries (in 2017) (National Office of Suicide Prevention, 2020a). The average rate was for that age group was 5.63 per 100,000.

The Implementation Plan for *Connecting for Life* (Ireland's National Suicide Prevention Strategy 2015-2020) has been extended and a new implementation plan has been published for 2020 to 2022. The issue of suicide is a significant healthcare and societal problem and the rates amongst young people raise particular concerns. Of course, the statistics only tell one part of the story. Behind each of these statistics are families and communities devastated by these tragedies as well as a unique personal story which leads to people taking their own lives. *Social Justice Ireland* believes that further attention and resources need to be devoted to researching and addressing Ireland's suicide problem.

### **Key Policy Priorities on Healthcare**

A number of the factors highlighted throughout this review will have implications for the future of our healthcare system, notably the projected increases in population and the ageing of our population. As an ESRI report concluded, two decades of rapid population growth, a decade of cutbacks in public provision of care and a consequent build-up of unmet need and demand for care, will require additional expenditure, capital investment and expanded staffing and will have major implications for capacity planning, workforce planning and training (Wren *et al.*, 2017).

As already mentioned, *Social Justice Ireland* welcomed the recognition within Sláintecare that Ireland's health system should be built on foundations of primary care and social care. The COVID-19 pandemic has highlighted shortcomings in our healthcare system across a range of areas and also demonstrated how vital an integrated public system of care is, with health care workers having been at the heart of the response to challenges unprecedented in living memory. As we have argued elsewhere, we cannot return to a two-tier healthcare system when this crisis is over (see Bennett *et al.*, 2020). *Social Justice Ireland* believes that access to healthcare based on need, not income, should remain an important aim for Ireland's healthcare system. Furthermore, investment in a reconfigured model of healthcare is overdue, one that emphasises primary and social care. In the context of our past mistakes, it is important that Ireland begins to plan for this additional demand and begins to train staff and construct the needed facilities. It is also necessary for leadership that communicates the need to invest in reform now so that the necessary services are in place to enable us to afterwards shift to a different model of care that emphasises primary care more. We need to ring-fence the COVID costs incurred in 2020 and 2021 for the investment required, financed with a very long-term low-interest loan (30 to 50 years) provided by the EU and the European Central Bank.

The following is a summary of key policy priorities and actions that *Social Justice Ireland* recommends:

- Ensure that announced budgetary allocations are valid, realistic and transparent and that they take existing commitments into account.

- Complete the roll-out of the Community Health Networks across the country and thus increase the availability and quality of Primary Care and Social Care services.
- Ensure medical card-coverage for all people who are vulnerable.
- Act effectively to end the current hospital waiting list crisis.
- Create a statutory entitlement to Home Care Services. This will require increased funding, but will save the State money long-term, as home support allows people to remain living in their own homes, rather than entering residential nursing care.
- Create additional respite care and long-stay care facilities for older people and people with disabilities and provide capital investment to build additional community nursing facilities.
- Implement all aspects of the dementia strategy.
- Increase educational campaigns promoting health, targeting particularly people who are economically disadvantaged, acknowledging that a preventative approach saves money in the long-run.
- Properly resource and develop mental health services, and facilitate campaigns giving greater attention to the issue of suicide.
- Adopt a target to reduce the body mass index (BMI) of the population by 5 per cent by 2025.
- Work towards full universal healthcare for all. Ensure new system structures are fit for purpose and publish detailed evidence of how new decisions taken will meet healthcare goals.
- Enhance the process of planning and investment so that the healthcare system can cope with the increase and diversity in population and the ageing of the population projected for the next few decades.
- Ensure that structural and systematic reform of the health system reflects key principles aimed at achieving high performance, person-centred quality of care and value for money in the health service.

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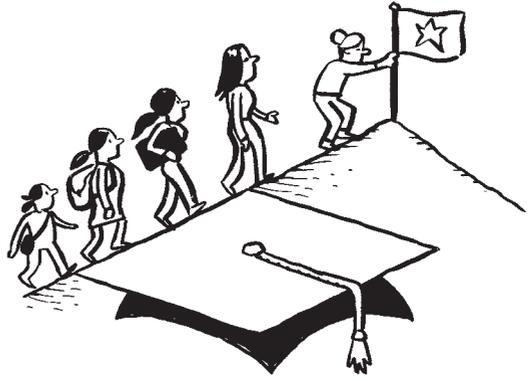
## Chapter eight

# Chapter 8

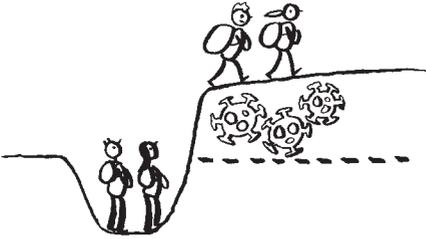
## Education and Educational Disadvantage

### Core Policy Objective:

To provide relevant education for all people throughout their lives, so that they can participate fully and meaningfully in developing themselves, their community and the wider society.

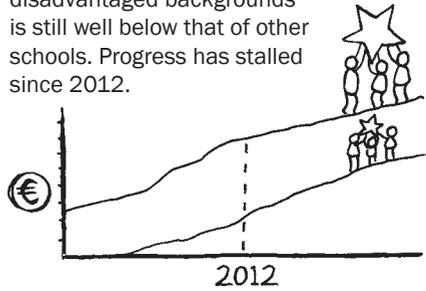


### Key Issues/Evidence



Covid-19 will widen the learning gap between pupils from lower socio-economic backgrounds and their more affluent peers.

The achievement of pupils in schools with concentrations of pupils from disadvantaged backgrounds is still well below that of other schools. Progress has stalled since 2012.

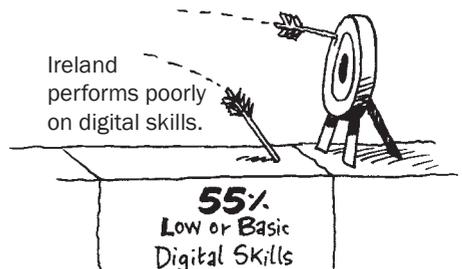
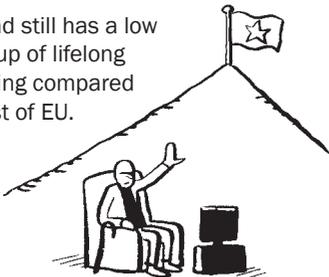


Ireland has the second lowest expenditure on ECCE for 3 to 5 year olds in OECD.

The longer a person stays in education the more likely they are to be in employment.



Ireland still has a low take up of lifelong learning compared to rest of EU.

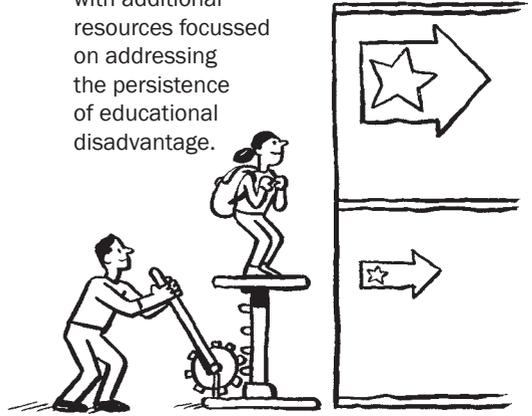


## Policy Solutions

Deliver a long-term sustainable, appropriately funded education strategy that takes a whole-person, life-cycle approach to learning with due consideration to education as a part of the commons.



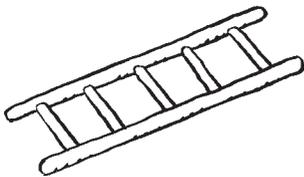
Make the improvement of educational outcomes for pupils from disadvantaged backgrounds and disadvantaged communities a policy priority with additional resources focussed on addressing the persistence of educational disadvantage.



Commit to increasing investment in Early Childhood Care and Education by 0.1 per cent of GDP annually to reach 1 per cent of GDP by 2026.



Revise our training and lifelong learning target to reach 15 per cent by 2022 and to reach 20 per cent by 2026, ensuring sufficient resources are made available.



Develop an integrated skills development, digital transition, vocational training, apprenticeship and reskilling strategy.



Develop a framework to deliver sustainable funding revenues for higher education over the next five years with a roadmap to 2028.

## 8.

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## EDUCATION AND EDUCATIONAL DISADVANTAGE

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### **Core Policy Objective: EDUCATION**

To provide relevant education for all people throughout their lives, so that they can participate fully and meaningfully in developing themselves, their community and the wider society.

The impact of education, particularly to improve the lives of the most disadvantaged, cannot be overstated. It is a Constitutionally-protected right for all and contributes to the well-being of our citizens. Investment in education at all levels and throughout the life cycle can deliver a more equal society and prepare citizens to participate in a democracy.

Access to appropriate education and skills development from early years to adulthood is one of the key public services that enables participation in society, public life and the labour market. The potential impact of digital transition on the labour market makes access to education and training throughout adulthood a priority. Education is also a key component of the commons<sup>1</sup> (New Economics Foundation, 2017), an integral part of our social contract. Education not only benefits the individual, but society as a whole gains. It forms a key component of our proposed new Social Contract outlined in chapter 2.

The focus of our education system must be to ensure people are engaged and active citizens and have the necessary critical and creative skills to navigate an ever-changing employment environment, can adapt to transitions as they occur and participate fully in society. This is especially important for children and young

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<sup>1</sup> The Commons refers to resources that meet basic human needs. The resources that make up the commons include natural resources (land, water, air), cultural resources (knowledge and education), economic resources (investment in public interest) and social resources (relationships and activities to improve participation and wellbeing). For more information see <https://neweconomics.org/uploads/files/Building-a-New-Social-Commons-WEB-version.pdf>

people today who have had their education disrupted by the Covid-19 pandemic and who, upon leaving formal education, will be entering a very different employment landscape to their parents.

To achieve this core policy objective in the years ahead, *Social Justice Ireland* believes that policy should:

- Deliver a long-term sustainable, appropriately funded education strategy that takes a whole-person, life-cycle approach to learning, with due consideration to education as a part of the commons;
- Make the improvement of educational outcomes for pupils from disadvantaged backgrounds and disadvantaged communities a policy priority, with additional resources focused on addressing the persistence of educational disadvantage;
- Commit to increasing investment in Early Childhood Care and Education by 0.1 per cent of GDP annually to reach 1 per cent of GDP by 2026;
- Invest in reducing class sizes and pupil teacher ratios at primary and post primary;
- Incorporate the latest OECD recommendations on training and lifelong learning into the National Skills Strategy and revise our target to reach 15 per cent by 2022 and to reach 20 per cent by 2026, ensuring sufficient resources are made available;
- Develop an integrated skills development, digital transition, vocational training, apprenticeship and reskilling strategy as part of the lifelong learning strategy and the Human Capital Initiative;
- Implement the recommendation of the 2006 Adult Literacy Report with regards to funding for adult literacy;
- Develop a framework to deliver sustainable funding revenues for higher education over the next five years with a roadmap to 2028.

## 8.1 Key Evidence

### Impact of Covid-19 on education

A study by the OECD (OECD, 2020a) examines the long-term impacts of Covid-19 induced learning disruption on the outcomes for students from the equivalent of first class at primary level to the Leaving Certificate and also looks at the potential annual loss of GDP as a result of lower incomes, lower tax revenues, lower skill levels and productivity and higher reliance on social protection systems. The report found that learning opportunities were significantly reduced during school closures and the reductions were greatest for disadvantaged children. This is not just an issue of a 'digital divide' (although this is a contributing factor). Learning is a dynamic process that builds on prior learning and students require explanations and support from trained teachers to acquire new skills, learning and information. Extended

school closures will lead to growing deficits in learning and may reverse many of the gains made in recent years in terms of reducing educational disadvantage.

The impact of school closures in Ireland have been analysed by the CSO (2020a) with the main findings echoing those of international studies. More than four in ten students reported a major or moderate negative impact on their learning, similar impacts in terms of negative effects on social development and over half reporting that they did not learn enough during school closures. As with international evidence, the digital divide has an impact, but ultimately the lack of instruction and explanation from teachers, and being absent from a school and the learning environment, had a negative impact on students at primary and second level. One of the policies that can begin to mitigate the impact of Covid-19 on children is that sufficient resources are in place to support all families, particularly children in DEIS schools (Doyle, 2020).

When it comes to the economic impact of interrupted learning and education on the individual student's earnings throughout their lifetime and on national GDP, the findings from the OECD (2020a) are stark. The impact of Covid-19 induced school closures and resultant learning losses will follow students into the labour market. These students face long-term losses in income and an average student can expect around 3 per cent lower earnings throughout their lifetime as a result of the interruption to their education. This estimate should be considered the lower end of potential losses as higher skill levels are significantly linked to employment and higher earnings. Disadvantaged students will almost certainly see larger impacts on their lifetime earnings. The optimistic scenario of the impact on national economies is a loss of 1.5 per cent GDP throughout the remainder of the century, with this loss expected to be even greater if education systems are slow to return to prior levels of performance. This estimate was produced in 2020 so does not include the learning losses and school closures so far in 2021, therefore the long-term impact on students and economies is likely to be more damaging.

Education equips people with the skills that makes them productive and also provides them with the knowledge and skills to generate and apply new ideas and innovations. National economies that go forward with a less skilled labour force face lower economic growth. The magnitude of these potential losses on individuals and on national economies are enormous. Sustained actions to improve the education opportunities for current and future students is required.

### **Education in Ireland – the numbers**

According to the Department of Education and Skills (DES) there were just over 1,506,663 full-time students in the formal Irish education system for the academic year 2020/2021. At primary level there are 562,589 students, at second level there are 381,485 students and 196,609 students are at third level. Numbers at primary level peaked in 2019 and are projected to decline to a low of 451,971 by 2034 and rise again thereafter reaching 464,984 enrolments by 2038 (DES, 2020). At second level enrolments have risen by eight per cent over the past five years and are projected

to peak in 2024 with 410,415 pupils, falling gradually thereafter (DES 2020)<sup>2</sup>. At third level the number of students is expected to increase annually between 2018 and 2030, peaking at 222,514 fulltime enrolments (DES, 2018a). In terms of employment, numbers working in the overall education sector is projected to reach 116,000 in 2021, an increase of 9 per cent in seven years (PBO, 2021).

These projections have obvious implications in terms of resourcing and meeting pupils' needs as they move through the education system. While expenditure on education has increased in recent Budgets, it is worth noting that this increase in expenditure has been necessary to simply keep pace with existing demand, there are still areas within our education system which require reform and indeed further resourcing. The Department should use these projections to inform investment, plan for reducing class sizes and pupil teacher ratios (a persistent problem which Covid-19 has highlighted), and ensure that our education system has all of the resources that it requires to meet our national ambitions. The education system as a whole should be sufficiently resourced to ensure it has the capacity to meet current and future needs and to address the challenges outlined in this chapter.

A reduction in student numbers does not necessarily mean a knock on reduction in expenditure. The publication of a technical paper on developing a teacher demand and supply model is a useful first step in planning to meet current and future demands (DES, 2019b). A surplus of teachers at primary and post primary level is projected in 2036 if no actions are taken now. Potentially we can implement policy instruments now to reduce our class sizes (particularly at primary level), reduce pupil teacher ratios, and ensure that demand and supply are managed appropriately. Issues such as how to best utilise existing resources (personnel or financial) to reduce pupil teacher ratio and to reduce class sizes, address the loss of learning as a result of COVID-19, whilst ensuring our system adapts to meet changing needs, are just some of the areas that require in-depth discussion and analysis. It is important that as student intake changes, existing resources are used to address persistent challenges within the education system such as pupil teacher ratios and addressing educational disadvantage which persists in our education systems.

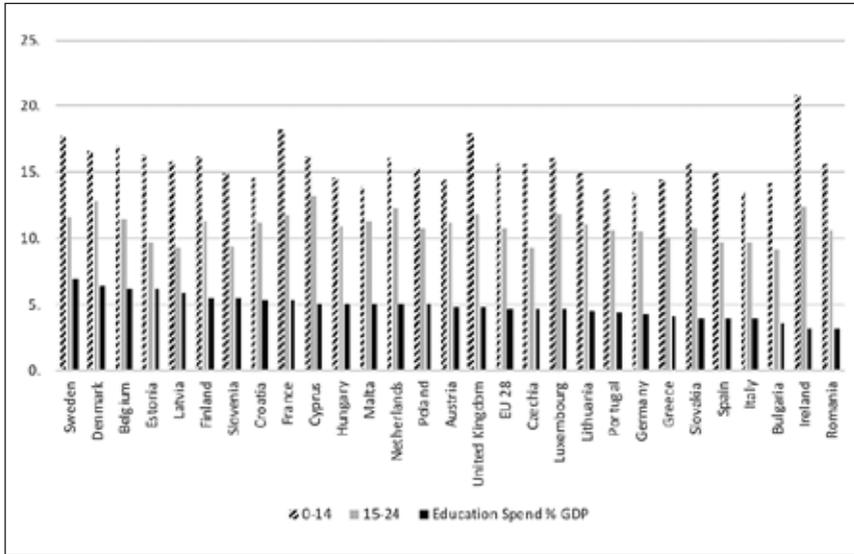
### **Expenditure on Education**

Expenditure on education in Ireland is not keeping pace with the increased number of students. Between 2010 and 2015 expenditure per student decreased by 15 per cent in primary to post-primary non-tertiary education and by 21 per cent in tertiary education while the number of students increased by 9 per cent and 13 per cent respectively (OECD, 2018:4). Increased funding capital and current expenditure on education announced in the most recent Budget, while welcome, is insufficient to both meet current and future demands and address the shortfall of funding between 2010 and 2015.

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<sup>2</sup> There are significant regional variations within the projections at primary and post primary level.

**Chart 8.1:** EU-28 % Population Aged 0-14, 15-24, Education Expenditure as % of Total General Government Expenditure, 2018



Source: Eurostat (2021).

The Government’s commitment to the provision of quality education throughout the life-cycle is evidenced by how we compare to our European counterparts in terms of expenditure. Chart 8.1 shows that while Ireland has the highest proportion of people aged 0 to 14 in the European Union and the third highest proportion of people aged 15 to 24, our expenditure on Education as a percentage of total general government expenditure is one of the lowest in the EU. It is clear that a significant increase in funding is required if Ireland is to have a high-quality education system that provides relevant education and training throughout the lifecycle. We return to the issue of funding later in the Chapter.

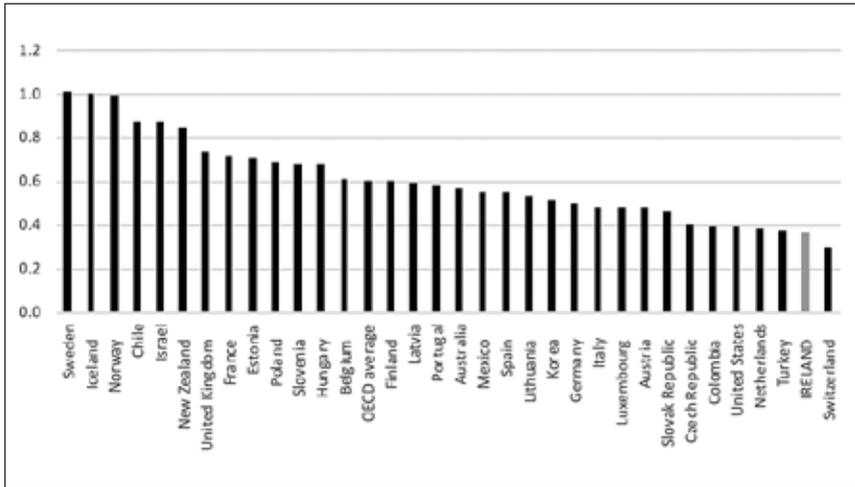
### Early Childhood Care and Education

The most striking feature of investment in education in Ireland relative to other OECD countries is its under-investment in early childhood education. Ireland has the highest level of private provision of Early Childhood Care and Education in the OECD, along with relatively low Government investment, low wages for educators and high fees for consumers (Oireachtas Library Research Service, 2020).

In consecutive studies, Ireland has one of the lowest levels of expenditure in pre-primary education in the OECD. Looking at expenditure on education for three to five year olds in the OECD, Ireland had the second lowest amount of expenditure at 0.4 per cent of GDP (see Chart 8.2) despite a trebling of public investment in

childcare programmes between 2011 and 2016. In comparison, Norway, Sweden and Iceland each spent 1 per cent of GDP – more than double Ireland’s spend of 0.4 per cent.

**Chart 8.2:** Expenditure on all children aged 3-5 years enrolled in early childhood education and care (ECEC) and primary education, as a percentage of GDP (2016)



Source: OECD (2019).

The introduction of the Early Childhood Care and Education (ECCE) Scheme in 2010 represented a positive first step in addressing this<sup>3</sup>. ECCE, also known as the ‘free pre-school’ package, is designed as an educational measure to better integrate the educational experience of young children. It is not to be confused with providing families with quality and affordable childcare. The issue of childcare is discussed in Chapter 9. Early childhood education and care has a profound and long-lasting impact on individual lives and on societies. It means that later learning is more effective and more likely to continue throughout life, lessening the risk of early school-leaving, increasing the equity of educational outcomes, and reducing costs for society in terms of lost talent and of public spending on social, health and even justice systems (European Commission, 2011).

Early childhood is the stage where education can most effectively influence the development of children and help reverse disadvantage (European Commission, 2011). Pupils who had access to quality early childhood education perform better on

<sup>3</sup> The ECCE scheme provides every child with three hours of pre-school care for thirty-eight weeks in each year free of charge from the age of three years until they start primary school, up to a maximum of two full academic years.

PISA testing than those who did not attend pre-primary education, even allowing for differences in their socio-economic backgrounds (OECD, 2016:233).

Ireland does not have a well-developed system of public provision of early education and early childhood education and care are almost exclusively provided by private settings, although it is mainly financed by public sources (OECD, 2019). Although Ireland relies almost entirely on private provision, international evidence indicates that in countries where there is primarily public provision of early childhood care and education it tends to be more affordable, accessible, and of higher quality than in private provision countries (Oireachtas L&RS, 2020). One of the key challenges identified towards the provision of universal early childcare in Ireland is the market driven approach to provision at present. High staff turnover and poor pay and conditions are also a feature of the sector (Early Childhood Ireland, 2020). A review of Early Years Education published by the Department of Education and Skills (2018) found that while almost all services provide warm and welcoming environments and strong evidence of positive relations was found between the staff, the children and their families, there remained many challenges. Among those raised in the review are:

- (i) the ability to provide rich outdoor learning opportunities for children, which is vitally important to development
- (ii) the need to ensure all families and children are fully represented
- (iii) the need to provide ongoing training and professional development for staff, and
- (iv) the need to improve working conditions for staff in the sector.

A well-resourced and integrated policy is required to address the issues raised in the review and to deliver high quality early years learning provision for children and their families. 'First 5: A Whole of Government Strategy for Babies, Young Children and their Families' contains welcome high-level policy commitments and strategic actions. In order to deliver on the commitment of all children having access to safe, high-quality, developmentally appropriate early childhood education, long-term planning and sufficient resourcing are vital to embed quality and deliver on this commitment. As early education providers often provide childcare for children under 3, thereby providing childcare for younger children in addition to early years education, this sector is impacted by the challenges facing the childcare sector in terms of providing sufficient places, concerns regarding wage levels and staff turnover, and quality of service provided. While the ECCE scheme has proved very successful, consideration must be given as to what resourcing is required to ensure a quality and flexible services is provided where parents, children and service providers have certainty and confidence in the support model for this sector. It is clear that there is a role for increased State funding in this area.

Covid-19 has had a detrimental impact on the delivery of early childhood education. The OECD (2020) reports that the impact of Covid-19 and closures of early childhood education settings will have a long-term impact on individuals and national economies as it is one of the key interventions to address disadvantage. Early childhood education and care has a profound and long-lasting impact on individual lives and on societies. It means that later learning is more effective and more likely to continue throughout life, lessening the risk of early school-leaving, increasing the equity of educational outcomes, and reducing costs for society in terms of lost talent and of public spending on social, health and even justice systems.

### **Primary Level**

Ireland has a pupil teacher ratio (PTR) at primary level of 15.3 (the EU average is 14.7) and an average class size of 25 (the EU average is 20). Clearly there is progress to be made in terms of reducing our PTR and class sizes at primary level. These figures should inform policy development in terms of managing supply and demand within the education system up to 2036 (as discussed earlier in this chapter).

As smaller class sizes make the biggest difference to the youngest classes, Government policy must ensure that the PTR in the youngest classes in primary school is at a level which allows teachers to provide early interventions without disruption. This is vital to ensure the best educational outcomes for all children and a smooth transition from early years settings to the formal education system. The intention in the *Action Plan for Education 2018* to improve the information transfer between pre-primary and primary level to support early interventions where necessary is welcome.

The number of children with special needs at primary level in Ireland increased by 63 per cent between 2014 and 2018 (Department of Education and Skills, 2019c). These children require particular supports and the announcement of the School Inclusion Model pilot by the Department of Education in 2019, and its continuation into 2020/21, was welcome. Of particular concern, however, in light of the increased intake of children with special needs, is research that found one in four children with an intellectual disability or developmental disability has been put on a short school day (Brennand & Browne, 2019). The report outlined the detrimental impact that this is having on children with additional needs, their education and on their families. Covid-19 and extended school closures has had a devastating, and likely lasting, impact on these children and their families. Notwithstanding the increases in investment in Special Needs Education in recent Budgets, clearly much more remains to be done in order to meet demand, mitigate the impact of extended school closures, and to support schools to ensure that they have the required number of staff with appropriate qualifications, and the necessary programmes, supports and resources to meet the needs of this cohort of pupils. In terms of planning and resourcing, it is vital that all departmental projections take into account the needs of this cohort as they move from primary level to post primary and beyond.

At primary level, Ireland performed well in the 2019 TIMSS (an assessment of mathematics and science) and fourth class students in 2019 were among the top three performing countries at mathematics. In 2019 Irish students maintained the gains made in 2015 and recorded a significantly higher score in mathematics and science than in 2011 and 1995<sup>4</sup>. In terms of reading skills, Ireland performed extremely well in the 2016 PIRLS assessment of reading skills, ranking fourth of the fifty countries who participated in reading skills, and third in reading skills in an online environment. The results marked a significant improvement on PIRLS 2011 (Eivers and Delaney, 2018:4)<sup>5</sup>.

The TIMSS and PIRLS assessments were based on a sample of all primary schools, on which Ireland can be credited with performing extremely well, but what happens to literacy and numeracy levels if we isolate those primary schools in disadvantaged areas? The Educational Research Centre (ERC) has published a series of reports on educational disadvantage and the DEIS (Delivering Equality of opportunity In Schools) programme. Some of the key findings are:

- modest increases in both reading and mathematics were observed between 2013 and 2016, smaller than the increases reported in the period 2010 to 2013 (ERC, 2017b).
- DEIS Band 2 schools fared better in literacy and numeracy skills, meeting or exceeding national levels in both, than Band 1 schools which are in areas of greater disadvantage (ERC, 2017b).
- reducing class sizes in disadvantaged areas has proved effective once adequately resourced and supported, with a recommendation that class sizes remain below 20 pupils (ERC, 2017(c)).

The *Action Plan for Education 2021* has yet to be published, but the previous action plan (DES, 2019d) focussed on the need to address the disparity between DEIS bands by increasing literacy and numeracy levels in DEIS Band 1 schools. However, the target improvement rates of between 27 and 42 per cent by 2020 do not demonstrate sufficient ambition to really effect change and many young adults will have fallen out of education into low-paid precarious employment before even these targets are met. In terms of policy, the focus must be on keeping average class sizes below 20 (as per ERC findings outlined), reducing the pupil teacher ratio further and ensuring all DEIS Band 1 and 2 schools have sufficient resources to implement strategies to improve literacy and numeracy outcomes for pupils.

A report (Kavanagh and Weir, 2018) on urban primary schools found that the achievement of pupils in schools with concentrations of pupils from disadvantaged backgrounds is well below that of other schools despite improvements since 2007. The authors conclude that, with family poverty remaining the largest determinant

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<sup>4</sup> <http://www.erc.ie/studies/timss/>

<sup>5</sup> <http://www.erc.ie/studies/pirls/>

of educational outcomes, the achievement gap between children from poor backgrounds and their more affluent peers will likely continue until economic inequality is addressed

Education alone cannot solve income inadequacy and inequality. It is vital that Government, through the Department of An Taoiseach, take the lead in implementing and overseeing the Roadmap for Social Inclusion 2020-2025 to ensure better outcomes for all. Addressing Ireland's stubbornly high levels of poverty and inequality will lead to improved educational outcomes for everyone.

### **Second-level Education**

Irish second-level students performed very well in the 2019 PISA tests in reading, literacy, mathematics and science, scoring above the OECD average in all three domains<sup>6</sup>. In reading and literacy Ireland ranked 4<sup>th</sup> out of 36 OECD countries. Ireland has significantly fewer lower performing students on all three domains compared to the OECD average. The performance of Ireland's fifteen-year-olds shows a trend of steady performance since 2003, with results comparable to 2012 and 2015. Caution is urged when comparing with 2009 results due to concerns regarding the statistical model and Ireland's overall results that year<sup>7</sup>.

- In reading literacy, 11.8 per cent of students in Ireland perform below Proficiency Level 2 (the OECD considers Level 2 to be the baseline proficiency for all three domains) implying they have insufficient reading skills to deal with future needs in real-life or further education. This is close to the target of 10 per cent to be achieved by 2025 set out in the Action Plan for Education 2016-2019, but some distance from the revised Literacy and Numeracy Strategy target (DES, 2017) of 8.5 per cent of students performing below Level 2 in PISA (to which no OECD country came close in 2018).
- In Science, 17 per cent of students performed below Level 2 – higher than the target of 10 per cent set out in the Action Plan for Education 2016-2019, to be achieved by 2025. These students can recognise basic scientific phenomena or simple patterns in data, but lacked the scientific skills and knowledge they may require in their future lives.
- In mathematics, 15.7 per cent of students in Ireland performed below Level 2, indicating that they lacked the mathematical knowledge and skills required for future education and work. The percentage of low-performing students on mathematics in Ireland in 2018 is in excess of the target of 10 per cent set out in the Action Plan for Education 2016-2019 (to be achieved by 2025), and of the 10.5 per cent set out in the revised targets of the Literacy and Numeracy Strategy, 2011-2020.

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<sup>6</sup> Programmes for International Student Assessment (PISA) assesses the preparedness of 15-year-olds to meet the challenges they may encounter in their future lives, including education.

<sup>7</sup> McKeown et al, 2019 p.xix

Across the three domains, Ireland has below average proportions of low-performing students, however given the fact that so many students have insufficient skills to deal with future needs in real life, participation in further education or employment should be a cause of considerable concern to policy makers. We are still some distance away from achieving the targets set out in the Action Plan for Education and a substantial gap remains between students in DEIS and non-DEIS schools. An analysis of trends in PISA achievement indicates that in reading, mathematics and science, students in DEIS schools have consistently achieved significantly lower average achievement than students in non-DEIS schools across all PISA cycles examined (Gilleece, 2020). While the size of the gap has narrowed significantly in reading, it has not changed significantly in mathematics or science. Some of the findings from this analysis are set out below:

### Reading

- Students in DEIS schools scored at the level of the OECD average but there remains a large gap between average reading performance of students attending DEIS schools and those attending non-DEIS schools. Overall there remains a high percentage of students with low reading achievement in DEIS schools.
- Students in DEIS schools had significantly lower achievement on each of the three reading subscales than their counterparts in non-DEIS schools.
- In DEIS schools, just over one-fifth of students (21.8 per cent) achieved a reading score below Level 2, more than twice the rate in non-DEIS schools (9 per cent). Such students are considered low-achievers by the OECD.
- One quarter of boys (23.9 per cent) in DEIS schools have reading skills described by the OECD as inadequate for future study and work (below Level 2).

### Mathematics

- The average mathematics performance of students in DEIS schools is significantly lower than the OECD average, while students in non-DEIS schools had an average mathematics score significantly above the OECD average.
- The average mathematics performance of students attending DEIS schools was significantly and substantially lower than that of students in non-DEIS schools and the percentage of students categorised as low achievers in mathematics in DEIS schools (28 per cent) is more than double that of non-DEIS schools (12 per cent).

## Science

- Students attending DEIS schools had an average science score that was significantly lower than the OECD average while students in non-DEIS school had an average score significantly above the OECD average.
- The percentage of low achieving students in science in DEIS schools (28.2 per cent) is more than double that of non-DEIS schools (13.5 per cent).

Despite steady progress, significant variations in proficiency remain in Ireland between students in DEIS and non-DEIS schools. The main gains made by DEIS schools were between 2009 and 2012, where the percentage of low achievers in reading dropped from 35.4 per cent to 21.8 per cent, but progress has stalled since then. Students attending DEIS schools continue to score much lower on all three domains, pointing to the need to continue to focus resources on addressing educational disadvantage. Conversely students from fee paying schools continue to significantly out-perform those from non-fee paying schools, scoring considerably higher than students in non-fee paying schools on all three domains (McKeown et al, 2019). Despite the gains made between 2009 and 2012 there has been limited progress towards meeting the literacy and numeracy sub targets for DEIS schools set out in the Action Plan for Education (Gilleece, 2020).

- The targets for high achievers in reading (at or above Level 5) is 8 per cent. Despite a modest increase between 2015 (4.7 per cent) and 2018 (5.5 per cent) in the percentage of high reading achievers in DEIS schools progress has been limited and this target is unlikely to be achieved.
- There is also limited evidence of progress towards the target for the percentages at or above Level 4 in reading (2020 target 26 per cent), given that the percentage in 2015 was 21.4 per cent and in 2018, 21.2 per cent.
- There has been a positive and significant reduction in the percentage of students in DEIS schools at the lowest levels of proficiency in mathematics. In 2012, about three in eight students (37 per cent) in DEIS schools had mathematics scores below Level 2, by 2015 this had reduced to 29 per cent, and to just over one in four (28 per cent) in 2018. Despite improvements, progress has stalled and the target for 2020 (23 per cent) is unlikely to be met.
- There has been no increase in the percentages of students in DEIS schools performing at the highest levels in mathematics across PISA cycles. In particular, the percentage of students at or above Level 5 in mathematics in 2015 (4.7 per cent) is not significantly different to that in 2018 (3.6 per cent). It is therefore highly unlikely that target for 2020 (9 per cent) will be met.

A useful tool to inform policy at this level would be a comparative analysis of the learning environment of students in fee-paying and non-fee paying schools to establish if there are practices that could be introduced to non-fee paying schools, in addition to home-based supports and after-school programmes, which could

enhance learning outcomes. It would also help to inform the levels of resourcing required to tackle educational disadvantage.

Progress on meeting the targets set out in the *National Literacy and Numeracy Strategy 2017-2021* at second-level is slower than that at primary level. However the impact of measures in the strategy to improve literacy and numeracy at second-level (including Project Maths) is reflected in the improvements in the PISA results between 2012, 2015 and 2018. The strategy also proposes fundamental changes to teacher education and the curriculum in schools and radical improvements in the assessment and reporting of progress at student, school and national level. Progress on this issue is overdue, and budgetary and economic constraints must not be allowed to impede the implementation of the strategy.

Reform of the education system at second-level is being implemented with the phased replacement of the Junior Certificate examination with the Junior Cycle Student Award, incorporating a school-based approach to assessment. *Social Justice Ireland* welcomes the emphasis on learners thinking for themselves, being creative in solving problems and applying their learning to new challenges and situations. It is important that such reforms be followed through to the Leaving Certificate to ensure policy coherence and a truly student-centred approach in the second-level education system. This is especially important in light of the recent findings on the revised marking scheme for Leaving Certificate from McCoy et al (2019) which found that the gap between DEIS and non-DEIS schools in terms of students taking Higher Level courses has widened. The promotion of the take-up of Higher Level subjects did not have a positive outcome for all students and the lower take up of Higher Level subjects at junior cycle in DEIS schools constrained options in terms of the Leaving Certificate. Students felt that the gap between points awarded for Higher Level and Ordinary Level papers was too wide, and not a fair reflection of the workload involved (McCoy et al, 2019). These findings should inform the review of the senior cycle programme and the narrowing of the gap between DEIS and non-DEIS schools should be a priority for further reforms. *Social Justice Ireland* supports the provision of extra resources to DEIS schools to ensure that all students, but particularly those in disadvantaged areas, have equality of opportunity once they complete their second level education.

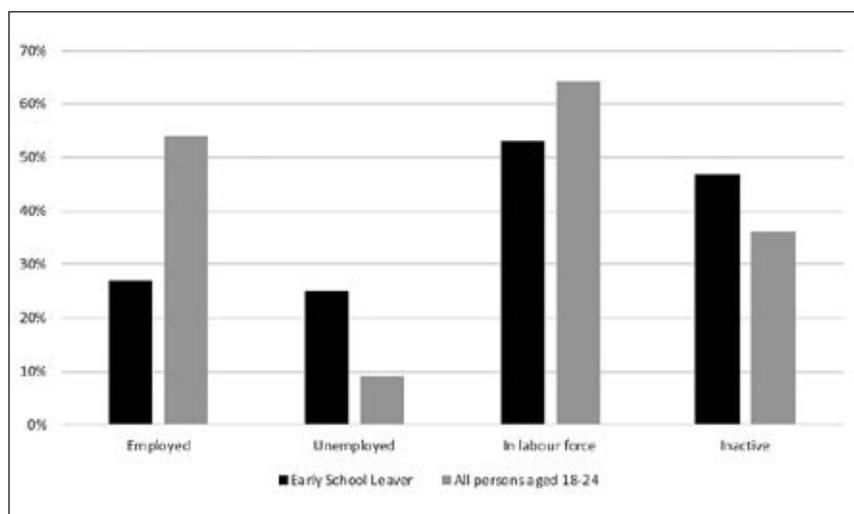
The most recent evaluation of DEIS at post-primary level finds that there have been marked positive improvements in attainment and achievement in DEIS post-primary schools since 2002. There has been an increase in retention rates in junior and senior cycle in DEIS post primary schools and an increase in the proportion of students in DEIS schools taking Higher Level papers in English and Mathematics. The fact that the achievement and attainment gaps between DEIS and non-DEIS post primary schools is closing is very positive. However significant gaps still exist and this is a cause for concern. One of the key findings of this report echoes that of the evaluation of DEIS at primary level; that many of the achievement gaps that still exist have their basis in income inequality (Weir and Kavanagh, 2019).

One of the findings of the initial research on the impact of Covid-19 on education is that the learning gap between rich and poor will grow<sup>8</sup> and that disadvantaged students will suffer greater learning losses and greater impacts on their lifetime earnings (OECD, 2020). Much of the progress made addressing educational disadvantage to date will be reversed unless the appropriate policies and investment are put in place. Policy makers must give serious consideration as to how the lost learning of students at all levels of education will be made up in the coming twelve months.

### Early School Leaving

Ireland has the fourth lowest early school leaving rate in the European Union at five per cent and Ireland ranked second in the European Union for the percentage of people aged 20-24 with at least upper-second level education at 94 per cent (CSO, 2019). This downward trend of early school leaving is a welcome development and Ireland has surpassed the national target set under the Europe 2020 Strategy.

**Chart 8.3:** Labour Market Status for Early School Leavers and total population 18-24 year olds Q2 2019



Source: (CSO, 2019).

According to the CSO (see Chart 8.3) an early school leaver is three times as likely to be unemployed than the general population aged 18-24. Only one in four of them are in employment compared to the general population for that age group and just under half (47 per cent) are not economically active. A further report by the CSO

<sup>8</sup> <https://www.brookings.edu/research/school-closures-government-responses-and-learning-inequality-around-the-world-during-covid-19/>

(2019b) analysed the outcomes for students who started second level education in 2011 – 2013. When comparing early school leavers to those who completed the Leaving Certificate, the report found that just 43.8 per cent of early school leavers were in employment compared to 74 per cent of their peers who finished school, and that the median earnings for early school leavers were €65 less than their peers (€345 per week compared to €410 per week).

Despite the progress made on early school leaving, these figures are a cause of concern. The poor labour market status of early school leavers as outlined in chart 8.3 points to the need for a continued focus on this cohort and on addressing educational disadvantage. As we move towards a future where digital transformation will disrupt the labour market, having the greatest impact on people with lower levels of education and skills (OECD, 2019b), it is important that this cohort are not left behind.

Ireland's National Reform Programme refers to the DEIS scheme as a key measure in supporting the achievement of the national target in regard to early school leaving (Department of An Taoiseach, 2020). Evaluation suggests that the DEIS programme is having a positive effect on educational disadvantage – including on retention rates (to Leaving Certificate). However, unfortunately the DEIS scheme suffered cut-backs in Budget 2012, which were subsequently only partially rolled-back. More generally, capitation grants for schools have been cut by more than 10 per cent following the economic crisis in 2008 and subsequent Budgets have not restored the value of these cuts (*Social Justice Ireland* 2015; 2016; 2017). Increased and sustained funding and support for the DEIS scheme is required if it is to continue to support improvements in literacy, numeracy and early school leaving.

Clearly, despite making steady progress, Ireland still faces challenges in the area of early school leaving and young people not engaged in employment, education or training (NEETs) in disadvantaged areas. This problem is likely to be exacerbated by the impact of Covid-19 with the disruption in their access to education and employment opportunities likely to make it more challenging for the younger generation to maintain quality jobs and income (OECD, 2020b). Providing support and opportunities for young people not engaged in employment, education or training must be a priority for Government or we risk creating a generational divide. The gap between retention rates in DEIS and non-DEIS schools has halved since 2001, but it still stands at 8.5 per cent<sup>9</sup>. Government must work to ensure that schools in disadvantaged areas are supported to bring the rate of early school leavers to below Ireland's country-specific target of 8 per cent under the EU2020 Strategy and towards the national rate of 4 per cent. Overall, we believe that the situation calls for a long-term policy response, which would encompass alternative approaches aimed at ensuring that people who leave school early have alternative means to acquire the skills required to progress in employment and to participate in society. The recent Action Plan for Increasing Traveller Participation in Higher

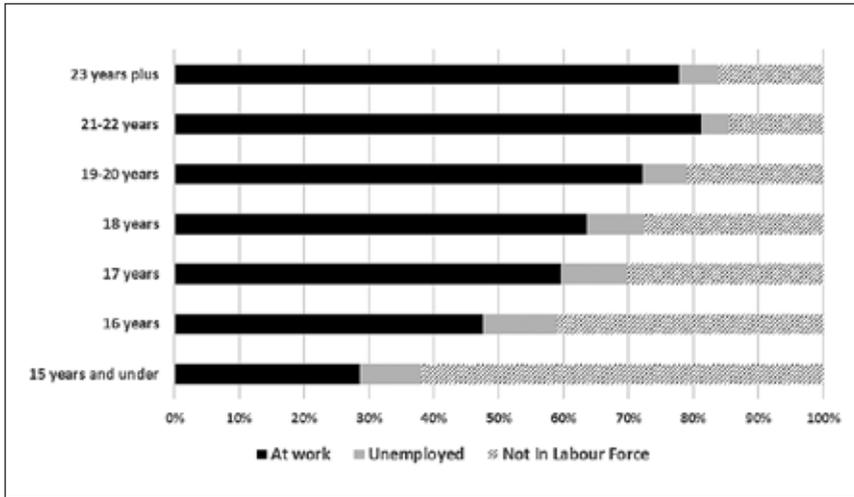
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<sup>9</sup> <https://www.education.ie/en/Publications/Statistics/Key-Statistics/education-indicators-for-ireland.pdf>

Education contains a broader view of access and recognises the need to support traditional and non-traditional routes to higher education. This broad view of access is pertinent when it comes to dealing with the issue of early school leaving. Approaches in the area of adult literacy and lifelong learning are important in this context, discussed later in this Chapter.

The socio-economic effects of inequality in education are clearly seen in Chart 8.4. The longer a person stays in education the more likely they are to be in employment. The risk of unemployment increases considerably the lower the level of education. Participation in high quality education has benefits not only for young people themselves but also for taxpayers and society. These benefits typically last over the course of an individual's lifetime. According to the OECD adults with a tertiary degree in Ireland earn on average 81 per cent more than adults with upper secondary education. They are more likely to be employed, the employment rate is 11 percentage points higher for degree holders than for those with an upper secondary or post-secondary non-tertiary education (OECD, 2019a). Socio-economic disadvantage also follows a student throughout the education system with younger graduates from more affluent areas earning around €2,000 more a year on average than their peers from disadvantaged areas. Even when controlling for different factors, graduates from disadvantaged backgrounds earn more than €600 less after graduation than others (HEA, 2020:129). This presents a challenge to policymakers, and points to the value of investing in education at all stages, and the particular importance of investing in early childhood education, and a continued focus on tackling educational disadvantage. The benefits of investing in education, both to the individual, to the economy and to society, far outweigh any initial outlay of resources. This is something that should be at the forefront of decisions regarding the investment and resourcing of our education system as a whole.

**Chart 8.4:** Economic Status by Age Education Ceased, 2016



Source: CSO (2016).

The OECD PIAAC (Programme for the International Assessment of Adult Competencies) study found that the children of parents with low levels of education have significantly lower proficiency than those whose parents have higher levels of education, thus continuing the cycle of disadvantage.<sup>10</sup> This is echoed in the 2018 report by the OECD on education in Ireland (OECD, 2018) which found that the educational attainment levels of 25-64 year olds are very similar to that of their parents and that 40 per cent of adults whose parents did not attain upper secondary education had also not completed upper secondary education.

A report from the CSO (2020b) on the intergenerational transmission of disadvantages found that those who had experienced educational disadvantage in their teens were more likely to be at risk of poverty or experiencing enforced deprivation than their wealthier peers in adulthood. In line with OECD findings on educational attainment the report found that three in ten (30.6 per cent) of those whose parents finished their education at lower secondary level also left school at the same point. As noted earlier, education is linked with earnings and earnings potential, and therefore linked to the risk of poverty. Of those whose parents ceased their education at lower secondary level, 16.2 per cent were at risk of poverty as adults compared with 6.2 per cent of adults whose parents completed third level.

The impact of education, across all age groups cannot be underestimated and particularly for those in disadvantaged groups. The longer a person remains in

<sup>10</sup> <http://www.oecd.org/skills/piaac/Ireland.pdf>

the educational system the more likely they are to be in employment. Educational level attained is one of the most important individual factors in reducing the risk of poverty for adults and, as this educational level seems to be linked across generations, it is important for reducing child and household poverty. This inter-generational transmission of low levels of skills and educational qualifications to children therefore has an impact on their financial wellbeing when they reach adulthood.

The inter-generational transmission of low levels of skills and educational qualification underscores the need for high-quality initial education and second-chance educational pathways, as well as improved access to, and relevance of, lifelong learning and community education opportunities (with both academic and vocational tracks). Clearly ongoing work with parents in disadvantaged areas is of key importance in encouraging support of children in education.

### **Higher Education**

Full-time enrolment in higher education has increased by almost 33 per cent in the last decade to 186,890 students (DES, 2018b) and numbers are projected to reach 222,514 by 2030. An increasing population of school-leavers demands that considerable investment is required to ensure that the higher education sector in Ireland can continue to cope. However public funding for higher education in Ireland has been decreasing since 2009 despite steadily increasing enrolments both full- and part-time. The Parliamentary Budget Office, in a recent report on tertiary Education Funding in Ireland (PBO, 2019), estimates that funding per undergraduate student (full-time, part-time, remote and FETAC) enrolled in 2019 was 50 per cent lower than in 2008. The report presents a clear and detailed outline of the challenges facing the sector. The report recommends that any increases in State funding are accompanied by the recommended administrative reforms. Crucially it recommends that funding be sourced from sustainable revenues to prevent a repetition of the cuts to funding seen during the last economic and fiscal crisis.

The education sector will require increased public investment and long-term sustainable Government funding to ensure that it can deliver what is expected of it in terms of human capital and engaging with society. *Social Justice Ireland* welcomed the announcement by Government in January 2018 of ‘Cornerstone Reform’ of higher education, linking funding of higher education with the delivery of ‘key national priorities’- including alignment of skills needs of the economy, higher levels of performance and innovation, expansion of research, and better access for students at a disadvantage and improving lifelong and flexible learning opportunities to make Ireland’s education and training service ‘the best in Europe by 2026’. It is important that the programmes aimed at supporting students in disadvantage and lifelong learning opportunities are one of the priority areas for 2021. In terms of access, the socio-economic background of new enrolments to higher education remains remarkably static over more than a decade. Of new entrants in 2004, 5.7 per cent came from a semi-skilled background and 5 per cent

from an unskilled background.<sup>11</sup> In 2017 new entrants to higher education from these backgrounds made up 5.5 per cent and 4.8 per cent respectively.<sup>12</sup> As outlined earlier a further challenge is the fact that younger graduates from more affluent areas earn more per annum on average than their peers from disadvantaged areas (HEA, 2020).

Little if any progress has been made on the issue of funding for the higher education sector, despite the publication of two separate reviews into the issue. The final report of the Expert Group on Future Funding of Higher Education in Ireland (2016) recommended three funding options for consideration by Government: (i) a pre-dominantly state-funded system; (ii) increased state funding with continuing upfront student fees; and (iii) increased state funding with deferred payment of fees (student loans). The report concluded that an additional €1 billion in annual funding would be needed by 2030 in order to sustain and improve provision of higher education in Ireland, with €600m of this required by 2021. Despite increases in funding in recent Budgets there will not be an additional €600m invested in the sector in 2021. An estimation of the value of the higher education sector to the economy found that every €1 invested generates a return of approximately €9<sup>13</sup>. Yet despite all of the reports and the economic evaluations, we are no closer to developing a strategy to fund the sector. A long-term, sustainable and fully resourced funding strategy for the sector must be the key priority for the newly formed Department of Further and Higher Education, Research, Innovation and Science. Without certainty regarding funding, the necessary reforms and innovations required in further and higher education will not succeed.

At the request of Government and the Oireachtas Committee on Education and Skills, the European Commission is now conducting an economic evaluation of the funding options in the Cassells Report, a report from the Commission (DG REFORM) was due in September 2020 and is now expected in Quarter 1 2021<sup>14</sup>. Four years after the publication of the report there is still no strategy for the future funding of higher education in Ireland. Substantial changes to the funding model are required, and regardless of what funding model or option is chosen, a significant increase in State funding will be required.

Another issue impacting on access to higher education is the prohibitive cost of accommodation for students who must study away from home. Lack of adequate student accommodation and a dearth of affordable private rented accommodation makes this a considerable additional cost for many families, which could act as a barrier for students from lower socio-economic backgrounds. The current maximum maintenance grant of €5,915 for families on long term social welfare payments is barely enough to cover housing and utilities, leaving little for other

<sup>11</sup> <http://hea.ie/assets/uploads/2017/06/Who-Went-to-College-in-2004-A-National-Survey-of-New-Entrants-to-Higher-Education.pdf>

<sup>12</sup> <http://hea.ie/assets/uploads/2018/01/HEA-Key-Facts-And-Figures-2016-17-.pdf>

<sup>13</sup> <https://www.iaa.ie/publications/iaa-budget-submission-2020/>

<sup>14</sup> <https://www.oireachtas.ie/en/debates/question/2020-12-15/42/>

essentials. In recent years, the financial pressures on students have compounded in the form of increasing accommodation costs with a lack of affordable student housing, larger class sizes, and the cost of lengthy commutes (PBO, 2019). As already demonstrated earlier in this Chapter, education can be transformative, particularly for those students from lower socio-economic backgrounds, but there is a window of opportunity for this transformation to take place if we are to halt the cycle of disadvantage and unemployment.

### **Further Education and Training**

The Expert Group on Future Skills Needs (2018) examined the potential impacts of digitalisation on the workforce in Ireland. The findings indicate significant disruption on job roles and tasks with increased career changes, constant reskilling, and workforce transitions to become a feature for employees. One in three jobs in Ireland has a high risk of being disrupted by digital technologies, although the report points out that this is more likely to mean changes to job roles and tasks rather than job losses. The sectors most at risk are retail, transport, hospitality, agriculture and manufacturing.

The most significant finding for policy is that the jobs at highest risk are elementary, low-skilled occupations and the impact is most likely to be felt by people with lower levels of educational attainment. These findings are reinforced by the SOLAS Quarterly Skills Bulletin on Older Workers Q2 2019. This report focusses on workers aged 50-59 and it concluded that measures must be taken to protect older workers from the threat of technological changes in the workplace. Among the key findings were:

- There were 425,800 people aged 50-59 in employment in Q4 2018;
- Over 176,000 people aged 50-59 in employment had attained an educational qualification of upper secondary or less;
- Technological change will have the greatest impact on people employed in elementary, administrative, sales and operative roles;
- Approximately one third (146,300) of workers aged 50-59 are employed in these occupations.

The report found that engagement with lifelong learning declines with age, and that those with lower educational qualifications are less likely to take part in lifelong learning. This is the very group that lifelong learning policy should be targeting. Combined with the findings of a report on automation risk and the labour market (SOLAS, 2020), which identified six occupational groups in particular which have large numbers of employees whose roles were at risk of automation<sup>15</sup>. The report concludes that the future world of work will require significant upskilling/

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<sup>15</sup> The six occupational groups are operatives & elementary, sales & customer service, administrative & secretarial, hospitality, agriculture & animal care and transport & logistics

reskilling opportunities across all areas of the labour market to meet the challenges and opportunities posed by automation in the workplace. It is clear that Further Education and Training and Lifelong Learning should play an integral role in the lives of people in the labour force to prepare people for the impact of digitalisation and to enable them to take full advantage of potential opportunities.

Apprenticeships and Traineeships are an essential part of the Further Education and Training System in Ireland. A recent review of participation and the cost of apprenticeships found that their registration targets have not been met for the new programmes developed as part of the Action Plan to Expand Apprenticeships and Traineeships 2016-2020 (IGEES, 2019). Traditional craft apprenticeships have experienced the strongest growth and have met targets, but new industry-led programmes, designed to meet identified skills shortages, have not met their targets. One element of this could be that these apprenticeships do not receive a training allowance from the State, unlike the craft apprenticeships. The new Consortia-led apprenticeships also suffered from a lack of employers signing up to offer apprenticeships. This has led to targets not being met which raises questions about the design of industry-led apprenticeships, and what infrastructure and supports are required to ensure that there are sufficient employers to offer apprenticeship places.

The age profile of apprentices in Ireland is young compared to other countries and is predominantly taken up by those of an age when second level education is completed. In 2018, 45 per cent were under 19 and 40 per cent aged 20 to 24 years. Just 10 per cent were aged 25-29 and only 5 per cent aged 30 or over. By comparison in England 21 per cent of the apprenticeship population is over 35. The age profile of those engaging in apprenticeships and traineeships requires closer scrutiny as this is an area that has the potential to address many of the challenges a digital transformation will bring. The issues outlined here must be addressed in the forthcoming update of the Action Plan for Apprenticeships and Traineeships.

### **Lifelong Learning**

Lifelong learning has an important contribution to make to people's wellbeing, to creating a more inclusive society and to supporting a vibrant and sustainable economy (Department of Education and Skills, 2017). Lifelong learning and community education also bring major social and health benefits to participants outside the labour force and this non-vocational element must also be resourced<sup>16</sup>.

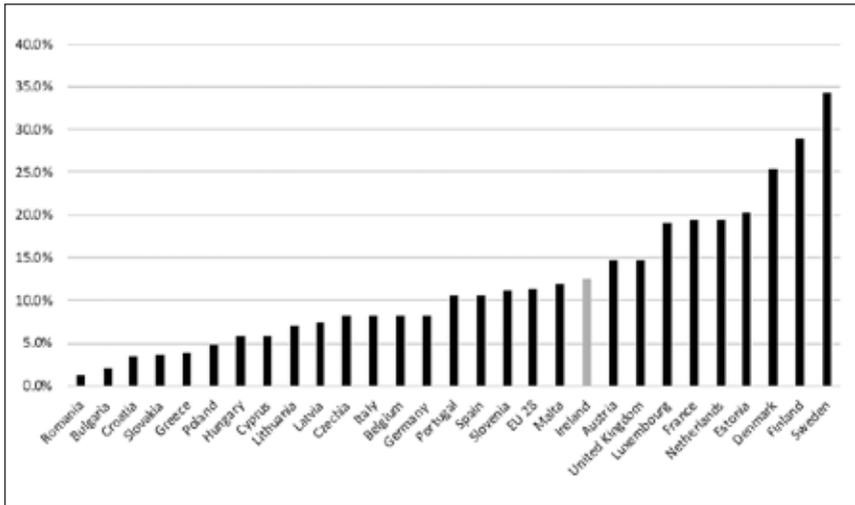
Ireland's lifelong learning participation rate is slowly improving, rising to 13 per cent in 2019 (see Chart 8.5). Our national target is to reach 15 per cent by 2025 as set out in the National Skills Strategy. As progress is being made, Government should consider revising this target to reach 15 per cent by 2021 and to reach 20 per cent

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<sup>16</sup> <http://www.aontas.com/pubsandlinks/publications/community-education-more-than-just-a-course-2010/>

by 2026. This would bring us in line with the European Union which has a lifelong learning target of 15 per cent by 2020.

**Chart 8.5:** EU-28 Lifelong Learning Participation Rates, 2019



Source: Eurostat (2021).

Access to lifelong learning should be an integral part of the education system in order to address the income and labour market challenges that some members of society face. It also must be accessible and flexible to address the challenges which were identified in the Adult Skills Survey, those of unmet demand and being difficult to access.<sup>17</sup>

Those engaged in lifelong learning are more likely to be professionals than low-skilled operatives and employed in public administration, professional services and finance, sectors that are more likely to provide in-house training, continuous professional development and have policies for subsidising education, than the retail or construction sectors. Employers must be encouraged and incentivised to participate in the development of any lifelong learning strategies. This not only supports the development of the employee, but contributes to the retention rate and effectiveness of the business, which in turn reduces the costs associated with hiring and developing new staff.

Various agencies (European Commission, Expert Group on Future Skills Needs) identify generic skills and key competences as a core element of the lifelong learning framework. These include basic skills such as literacy, numeracy, digital

<sup>17</sup> <https://www.cso.ie/en/releasesandpublications/er/aes/adulteducationsurvey2017/>

competence, language skills, people-related and conceptual skills, critical thinking, problem solving, creativity, risk assessment and decision making. The *Action Plan for Education 2019* contained a commitment to rolling out Springboard+, offering courses to all those in employment for the first time and developing new traineeships and apprenticeships. These actions are welcome, but need to be developed and extended to all employees who wish to partake in further education.

*Social Justice Ireland* welcomed the Department of Education commitment to doubling the number of apprenticeships registered to 9,000 by 2020, with 26 new national apprenticeships approved for further development across a range of sectors including healthcare assistants. The pandemic has interrupted the delivery of apprenticeships, education and training, in order to meet the aforementioned target by 2021 Government must fully implement the five action areas identified in the review of apprenticeship participation by SOLAS (2018).

### **Adult Literacy**

Literacy is defined as the capacity to understand, use and reflect critically on written information, the capacity to reason mathematically and use mathematical concepts, procedures and tools to explain and predict situations, and the capacity to think scientifically and to draw evidence-based conclusions (OECD, 2015). The OECD PIAAC study (2013) is the only current measure of adult literacy in Ireland and provides at least a basis for discussion of this important issue<sup>18</sup>. The data on adult literacy and numeracy is dated and we welcome the fact that work has commenced on the delayed 2021-2022 round of PIAAC. In order to implement the correct policies in this area up to date data is required.

According to the evidence we have from the 2013 PIACC study, Ireland is placed 17<sup>th</sup> out of 24 countries in terms of literacy, with 18 per cent of Irish adults having a literacy level at or below Level 1. People at this level of literacy can understand and follow only basic written instructions and read only very short texts (OECD, 2013). On numeracy, Ireland is placed 19<sup>th</sup> out of 24 countries with 26 per cent of Irish adults scoring at or below Level 1. In the final category, problem solving in technology rich environments, 42 per cent of Irish adults scored at or below Level 1. In other words, a very significant proportion of Ireland's adult population possesses only very basic literacy, numeracy and information-processing skills, insufficient to compete in a market where the skillsets of even highly-skilled workers are likely to be obsolete in a matter of years.

There is a cost to the state for unmet literacy and numeracy needs. But there is a positive and rapid return on investing in adult literacy and numeracy. These

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<sup>18</sup> According to the CSO, the pilot survey for the 2021-22 round of PIAAC was due to take place in April 2020 but was deferred. The overall timetable for Ireland's participation in the 2021-22 round of PIAAC has been reviewed and work has recommenced on the project. PIAAC (Programme of International Assessment of Adult Competencies) - CSO - Central Statistics Office

benefits are across the board both for the participants, the Exchequer and the economy. It is estimated that the annual income gain per person per level increase on the National Qualifications Framework (NQF) was €3,810 and the gain to the Exchequer, in terms of reduced social welfare transfers and increased tax payments, being €1,531 per annum (NALA, 2020: 15). Investing in adult skills, particularly the literacy, numeracy and digital literacy needs of those who have the lowest skills is an important investment in our human capital. Although having better literacy skills does not change structural inequalities - it does increase the likelihood of personal wellbeing, employment, social and cultural inclusion and the skills to work for just change in our communities (NALA, 2020).

*Social Justice Ireland* welcomed the development of an ‘Upskilling Pathways Plan – New Opportunities for Adults’ included in the Action Plan for Education 2018 (DES, 2018b) aimed at helping adults attain a basic level of literacy, numeracy and digital skills, and calls on Government to provide ambitious targets incorporating all recommendations made by the Council of the European Union<sup>19</sup>. It would be fitting for Government to ensure that these recommendations are incorporated into the new ten year Adult Literacy, Numeracy and Digital Literacy Strategy being developed by SOLAS. Furthermore we propose that Government implement the recommendation of the 2006 Adult Literacy report which proposed a quadrupling of the adult literacy tuition budget from €25 million to about €100 million over seven years with an additional €25 million for improving ancillary and support services<sup>20</sup>.

Basic literacy skills are required for higher-order skills and ‘learning to learn’ skills, which are necessary for participating and engaging in the economy. Accurate reporting is critical to determining future education policy. *Social Justice Ireland* calls for continued assessment of literacy and numeracy rates throughout the education system in order to inform the Government’s plans for reform.

### **Skills Development**

The OECD has called skills ‘the new global currency of 21<sup>st</sup> Century economies’ (OECD, 2012a). By providing workers with increased skills, countries can ensure that globalisation translates into job creation and increased productivity, rather than negative economic and social outcomes (OECD, 2017c). While Ireland performs relatively well in terms of skills development among young people, a comparatively small share of the adult population perform well on all levels of the PIAAC. Managing digital transformation in the labour market and the shift to a green economy requires investment in human capital and a well-trained and skilled general workforce at all levels (Cedefop, 2020). Continuous investment in skills development, adult learning and lifelong learning are the best policy tools

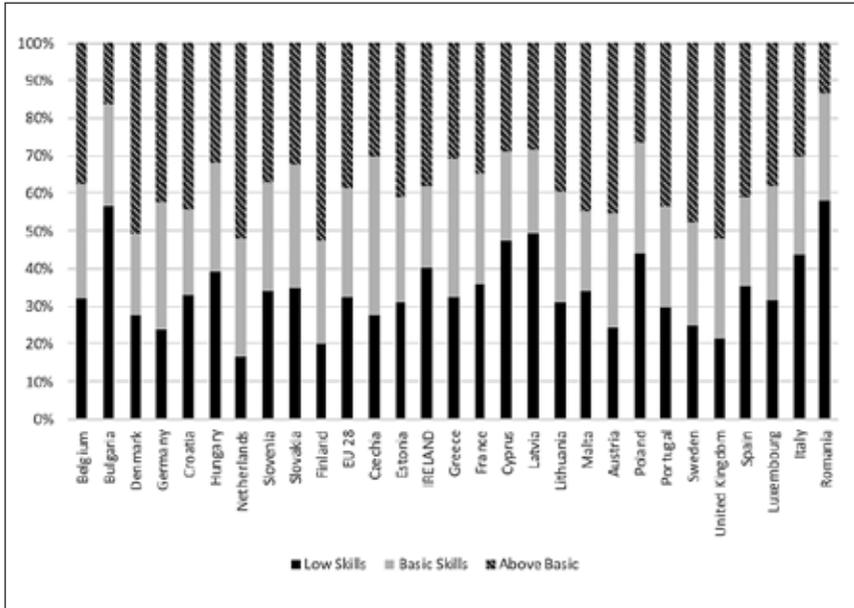
<sup>19</sup> [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016H1224\(01\)&rid=4](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016H1224(01)&rid=4)

<sup>20</sup> [http://archive.oireachtas.ie/2006/REPORT\\_20060531\\_1.html](http://archive.oireachtas.ie/2006/REPORT_20060531_1.html)

available, allowing investment in human capital and ensuring we can manage these transitions.

Ireland’s performance on digital skills is concerning (see Chart 8.6). Over 55 per cent of the population have low or basic digital skills.

**Chart 8.6:** EU-28 Digital Skills Levels, 2019



Source: Eurostat (2021)

The skills that are easiest to automate or outsource are routine technical skills. Educational success is now about creative and critical approaches to problem solving, decision making and persuasion, applying the knowledge that we have to different situations. It is about the capacity to live in a multifaceted world as an active and engaged citizen.<sup>21</sup>

According to the World Economic Forum (2018) without investment in our social welfare, training, skills development and education systems we risk facing into an era of technological change accompanied by job losses, mass unemployment, growing inequality and skills shortages. This report also points to the skills that will be in demand by 2022 which include analytical thinking and innovation,

<sup>21</sup> <http://oecd.org/general/thecasefor21st-centurylearning.htm>

technology competencies, active learning creativity, originality and initiative, critical thinking, persuasion and negotiation.

This is supported by the OECD in a report on Well-being in the Digital Age (OECD, 2019b) which found that the digital transformation could compound existing socio-economic inequalities, with the benefits in terms of earnings and opportunities accruing to a few, and the risks falling more heavily on people with lower levels of education and skills. The report notes that 14 per cent of all jobs are at high risk of being lost due to automation, with another 32 per cent at risk of significant change over the next 10 to 20 years. This means that nearly half of the labour force will be impacted by changes to their jobs as a result of automation by 2040. Our training and skills development policy must be adapted to meet this challenge.

As Chart 8.6 shows Ireland performs poorly in terms of digital skills. Over one third of the adult population (36 per cent) has low digital skills, well above the EU average (28 per cent). Only one fifth of the population have basic digital skills. This general gap in digital skills is also confirmed by the OECD PIAAC survey of adult learning. Clearly one implication is that expenditure on training will have to increase. Across the OECD average spending on training for the unemployed and workers at risk of involuntary unemployment is only 0.13 per cent of gross domestic product (GDP).

The OECD makes a number of recommendations in relation to training and lifelong learning that should be incorporated into the National Skills Strategy (including the revision to our lifelong learning targets outlined earlier). These recommendations are:

- Training opportunities need to be life-long, and incentives need to be provided to firms for training low-skilled workers, only 40 per cent of which currently receive firm-based training.
- Governments should remove barriers to adult learning and implement policies supporting informed learning choices, new techniques such as distance learning, financing of life-long learning and developing systems of skills validation.
- Governments should also review education and training systems to improve the accessibility, quality and equity of education for young people and of training systems for adults throughout their working life.
- Foundational skills (e.g. literacy, numeracy) for all should be promoted by improving the recognition of skills acquired after initial education

Ongoing skills development and lifelong learning for people in employment and people who are not in employment must become an integral part of the education system. The Human Capital Initiative was a welcome first step in this regard, however significantly more work is required to prepare for the impact of digitalisation. The Government's ICT Action Plan 2022 must be revised in light of

the OECD recommendations. The primary focus of the action plan is on increasing ICT graduates, trainees and apprentices. It must be broadened to incorporate the impact of technological change on workers and how best to assist in terms of resourcing, retraining and upskilling.

The current Statement of Strategy for the Department of Education sets out a three-year vision to facilitate learning experiences that challenge each person to realise their potential via the highest international standards, through a system that anticipates and responds to the changing needs of learners, society and the economy (DES, 2019). One of the specific strategic actions is that current and future needs of learners, in a world being transformed by technology, are met within our education system.

## 8.2 Key Policies and Reforms

### Addressing educational disadvantage

While advances have been made to address inequality in our education system, and the DEIS programme is proving to have a positive effect, children from lower socio-economic backgrounds continue to underperform in literacy, numeracy and science. Overall performance in DEIS schools remains lower than the national average. Decisions regarding numeracy and literacy policy, investment, and the allocation of resources within the education system must be focussed on reversing this negative trend.

Continued support for DEIS schools must be a policy priority and the positive policy measures which are seeing reductions in the achievement gap must be used as a stepping stone to further improvements. Literacy and numeracy trends in DEIS schools have not been resolved and the targets for 2020 have not been met so it is important that ambitious targets are set to 2025. It is vital that sufficient ongoing resourcing is available to support the targets in the current DEIS plan.

However, not all children experiencing disadvantage attend DEIS schools and many students who would benefit from the extra supports available in DEIS schools cannot do so. *Social Justice Ireland* recommends that adequate resources are allocated to non-DEIS schools to enable them to fully support disadvantaged pupils.

Government and policy makers must look to those countries with consistent high performance across all levels of education and implement similar policies. The Finnish education system is consistently among the top performers in the OECD and the European Union.<sup>22</sup> Education policy in Finland is focussed on equity and offers flexible paths between general and vocational education and training options that lead to higher education. Policymakers must examine what type of

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<sup>22</sup> <http://gpseducation.oecd.org/CountryProfile?primaryCountry=FIN&treshold=10&topic=EO>

resources and strategies could be developed and adapted from the Finnish model to improve outcomes in the Irish education system.

As outlined earlier in this chapter addressing our high pupil teacher ratios and class sizes is a policy measure that should be used as part of a suite of policy measures to address educational disadvantage. This would lead to improved outcomes and an improvement in our educational system overall.

## **Funding**

Education is widely recognised as crucial to the achievement of our national objectives of economic competitiveness, social inclusion, and active citizenship. It is also a key component of the commons, and our Social Contract. It benefits not just the individual, but society as a whole and the returns to the economy and society are a multiple of the levels of investment. However, the levels of public funding for education in Ireland are out of step with these aspirations. Underfunding is particularly severe in the areas of early childhood education, lifelong learning and second chance and community education – the very areas that are most vital in terms of the promotion of greater equity and fairness.

The projected increased demand outlined earlier in all areas of our education system must be matched by a policy of investment at all levels that is focussed on protecting and promoting quality services for those in the education system.

Government must develop and commit to a long-term sustainable funding strategy for education at all stages, recognising the importance of a life-cycle approach to educational support. This funding strategy should incorporate capital and current expenditure and be coherent with present strategies and funding already allocated as part of Ireland 2040. The overall priority must be to deliver multiannual funding linked to long-term strategies at all levels. The Joint Oireachtas Committee on Education and Skills should play a key role in monitoring the implementation of this funding strategy and the outputs in achieving strategic priorities.

## **Higher Education**

Higher education is facing a significant funding shortfall and future resourcing of this sector is a key challenge currently facing Government.

For Higher Education, the *Final Report of the Independent Expert Panel* (HEA, 2018) points out that funding requirements for higher education should be benchmarked against the funding in those countries we aspire to emulate and compete with. This is critical if we are to maintain our skills base while fostering innovation and upskilling the labour force. The Report recommends a transparent model of funding providing clarity on where such funding is channelled, with flexibility of allocation depending on student demand and discipline-based weightings in favour of institutions providing courses which are high-cost, such as STEM, in line with the Government's policy to build skills-bases in these areas. *Social Justice*

*Ireland* welcomes innovation in funding allocation and a move towards a more demand-based system to support students in their chosen careers.

Increasing demand for places combined with significant cuts in funding between 2010 and 2015 imply that it would be extremely difficult to fund the sector with a combination of limited public expenditure and student loans, meaning one of the recommendations of the HEA Report to supplement funding by way of ‘income contingent loans’ is no longer feasible. Ireland requires a sustainable funding strategy for higher education. This strategy must ensure that sufficient and sustainable revenue streams are made available for such investment on an annual basis, with annual reports and updates to the Joint Oireachtas Committee on Education on progress from higher education providers, the HEA, the Department Further and Higher Education, Research, Innovation and Science and other key stakeholders.

A broadening of access routes to higher education must also form part of any new funding strategy. If higher education is to integrate into lifelong learning and to play the leading role it can play in climate transition, and as the future of work and employment changes, a broadening of access routes is imperative.

Investment in higher education will have to increase significantly over the next decade, regardless of which option or funding model Government decides to implement. Government should develop a framework to deliver sustainable funding revenues for higher education over the next five years with a roadmap to 2028. This framework should have clear medium and long-term targets.

### **Early Childhood Care and Education**

High quality educational experiences in early childhood contribute significantly to life-long learning success (DES, 2018c). This sector needs to be supported by Government, financially and through policy, to ensure that all children have equal access to this success and all of the benefits of quality education. This is even more pertinent in light of the detrimental impact of Covid-19 on the delivery of early childhood education.

The Educational Research Centre (ERC, 2017c) found that tackling inequality at pre-school level before a child attends primary school was found to have a significant impact on educational disadvantage if certain conditions are met. These conditions are that the pre-school is of a high quality, are adequately funded, have low adult-child ratios, highly qualified staff with quality continued professional development, positive adult-child interactions, effective collaboration with parents, appropriate curricula, adequate oversight, monitoring and evaluation, and inclusivity and diversity. Government must ensure that all early years settings meet these conditions by 2022.

In addition, the recommendations of the Inter-Departmental Working Group on Future Investment in Early Years and School-Age Care which are: i) incremental investment in fee subsidisation through existing and new programmes; (ii)

ensuring adequate supply to meet future demand; and (iii) embedding quality in the sector, must be implemented. In order to implement these recommendations expenditure on childcare and early education will have to increase. An appropriate and ambitious approach would be to set a target of investing 1 per cent of GDP by 2026 in early childhood care and education (the expenditure of the top performing countries in the OECD). Investment should increase by a minimum of 0.1 per cent GDP annually to meet the to reach this new target by 2026 with annual updates on progress to the Oireachtas.

The Joint Committee on Children and Youth Affairs recommended that an urgent cost-review of the sector be conducted so as to accurately calculate the necessary finances to ensure the sustainability of the sector. This review should be undertaken in 2021 and the findings presented to the now Joint Committee on Children, Disability, Equality and Integration. *Social Justice Ireland* further recommends that the Joint Committee on Children, Disability, Equality and Integration be tasked with conducting an urgent cost review of the sector as detailed above and monitoring the implementation of the First 5 Early Years Strategy so as to ensure end to end governance of both quality and cost.

### **Further Education and Training**

The lifelong opportunities of those who are educationally disadvantaged are in sharp contrast to the opportunities for meaningful participation of those who have completed a second or third-level education.<sup>23</sup> If the Constitutionally-enshrined right to education is to be meaningful, there needs to be recognition of the barriers to learning that some children of school-going age experience, particularly in disadvantaged areas, which result in premature exit from education. In this context, second chance education and continuing education are vitally important and require on-going support and resourcing.

The Human Capital Initiative is a welcome development in lifelong learning and skills development. This initiative must be linked with Further Education, Lifelong Learning and Adult Education and Literacy, Numeracy and Digital Literacy priorities and strategies.

An education and training strategy focussed on preparing people for the impact of digitalisation, and the transitions within the workforce that this transformation will require, should be developed. This strategy must be flexible enough to adapt to regional needs, fully funded and linked to the National Skills Strategy, the Human Capital Initiative and Ireland 2040. People with low skill levels in particular must be a focus of this strategy. This strategy must reflect the findings of OECD analysis of the impact of digital transformation on the labour market and the necessary reforms that must be made to training and lifelong learning policies as discussed earlier in this chapter. We must develop an education and training system that can support adults throughout their lives as they acquire skills and navigate the transitions that will occur as a result of the digital transformation of the economy.

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<sup>23</sup> See Chart 8.2 earlier in this chapter

Although the funding available for education increased in Budgets since 2016, the deficits that exist within the system, particularly as a result of the impact of austerity budgeting, require significant additional resources. This requires the development of a long-term education policy strategy across the whole educational spectrum to ensure that education and continuous upskilling and development of the workforce is prioritised if Ireland is to remain competitive in an increasingly global marketplace and ensure the availability of sustainable employment.

A key policy component must be a review of the age profile of apprenticeships and how this can be expanded (as outlined earlier in this chapter) and the integration of the latest OECD recommendations on training and skills into the National Skills Strategy. Further Education has a key role to play to ensure we meet our lifelong learning targets and it must be supported and resourced to ensure we meet our targets.

### 8.3 Key Policy Priorities

*Social Justice Ireland* believes that the following policy positions should be adopted in responding to educational disadvantage:

- Deliver a long-term sustainable, appropriately funded education strategy that takes a whole-person, life-cycle approach to learning, with due consideration to education as a part of the commons;
- Make the improvement of educational outcomes for pupils from disadvantaged backgrounds and disadvantaged communities a policy priority, with additional resources focused on addressing the persistence of educational disadvantage;
- Commit to increasing investment in Early Childhood Care and Education by 0.1 per cent of GDP annually to reach 1 per cent of GDP by 2026;
- Invest in reducing class sizes and pupil teacher ratios at primary and post primary;
- Incorporate the latest OECD recommendations on training and lifelong learning into the National Skills Strategy and revise our target to reach 15 per cent by 2022 and to reach 20 per cent by 2026, ensuring sufficient resources are made available;
- Develop an integrated skills development, digital transition, vocational training, apprenticeship and reskilling strategy as part of the lifelong learning strategy and the Human Capital Initiative;
- Implement the recommendation of the 2006 Adult Literacy Report with regards to funding for adult literacy;
- Develop a framework to deliver sustainable funding revenues for higher education over the next five years with a roadmap to 2028.

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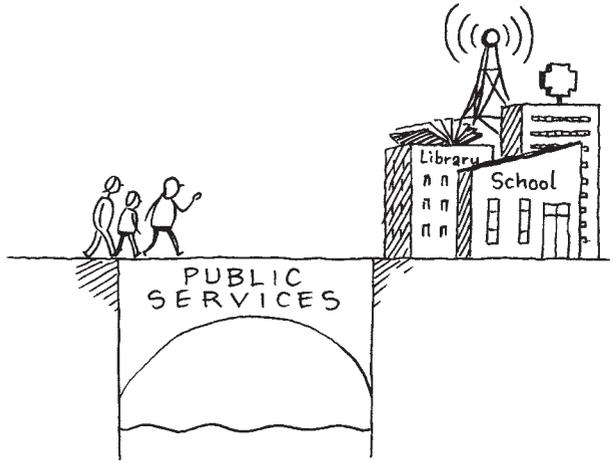
## Chapter nine

# Chapter 9

## Other Public Services

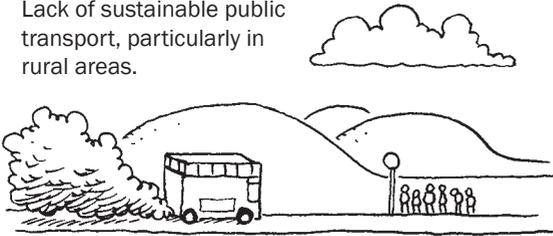
### Core Policy Objective:

To ensure the provision of, and access to, a level of public services regarded as acceptable by Irish society generally.

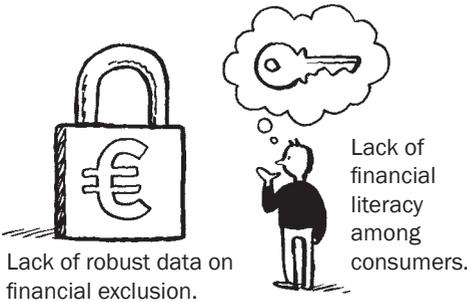


### Key Issues/Evidence

Lack of sustainable public transport, particularly in rural areas.



Lack of highspeed broadband access, particularly in rural areas – still no National Broadband roll-out.

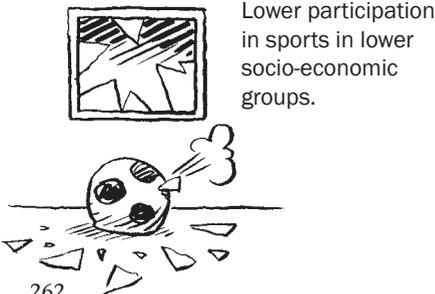


Lack of robust data on financial exclusion.

Lack of financial literacy among consumers.



Unaffordable childcare and precarious work in the sector (insurance also a big issue here).

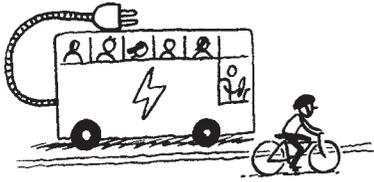


Lower participation in sports in lower socio-economic groups.



Underfunding of Civil Legal Aid – restricts access to justice.

## Policy Solutions



Increase investment in sustainable public transport and introduce hard infrastructure for cycling.



Invest in early years education and childcare and tackle the issue of insurance costs in the sector.



Develop a research programme to gather robust data on financial exclusion.



Introduce financial literacy programmes into mainstream education at primary and secondary level.

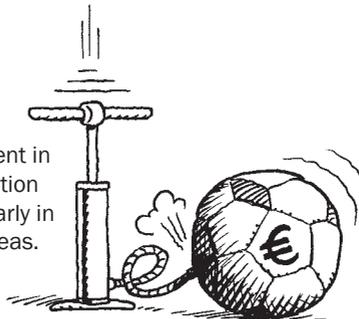


Roll out broadband, particularly in rural areas.



Increase investment in civil legal aid.

Increase investment in sports and recreation facilities, particularly in disadvantaged areas.



## 9.

# OTHER PUBLIC SERVICES

### **Core Policy Objective: PUBLIC SERVICES**

To ensure the provision of, and access to, a level of public services regarded as acceptable by Irish society generally.

This chapter looks at public services in a range of areas not addressed elsewhere in the Review.

These include Public Transport; Childcare; Digitalisation; Financial Services; Legal Aid; Regulation; Library Services and Sports and Recreation Facilities.

In the context of the objective of providing ‘Decent Services and Infrastructure’ – a core pillar of *Social Justice Ireland’s* Social Contract, in addition to proposals contained in earlier chapters, Government must also:

- Increase the provision of public transport in rural areas and provide greater investment in sustainable transport and biofuels.
- Invest in hard infrastructure for cycle lanes.
- Ensure connectivity to affordable high speed broadband access right across the country.
- Develop programmes to enable all internet users to critically analyse information and to become “savvy, safe surfers” and a grants scheme to support low income and vulnerable households to purchase ICT equipment needed to access public services on implementation of the National Digital Strategy.
- Increase investment in early childhood education and care and after-school care by 0.1 per cent of GDP each year with a view to reaching 1 per cent of GDP by 2026.
- Introduce financial literacy and education to the primary and secondary school curricula.

- Track levels of financial exclusion and build and monitor policies and practices aimed at eliminating it in its entirety.
- Ensure that the Legal Aid Board is adequately funded so that people in the court system are guaranteed equality of access to justice.
- Include, in the Commission for Regulating Lobbying's Annual Reports, policy areas with the greatest lobbying activity, the lobbying organisations and the designated public officials engaged so as to highlight to the general public those influencing the political decision-making process.
- Invest in the continuous professional development and wellbeing of library staff to ensure the success of the Libraries Strategy.
- Increase funding to encourage sports participation and active lifestyle programmes.
- Ring-fence revenue gained through the sweetened drinks tax to fund sport and recreational facilities and services.

### **Context – The Privatisation of Public Services**

Government continues to look to the market and engage private enterprise to provide the public services that should be part of a basic floor that everyone in the State should expect. They do this notwithstanding evidence that it is more expensive, less effective and, in some cases, produces harmful results (for example the PPP contract which left primary schools with severe structural defects). The rationale given is that the private sector can provide more, faster and cheaper, but again this is not borne out in the evidence. Under Rebuilding Ireland, for example, the regeneration of O'Devaney Gardens, a council housing estate in Dublin 7 that had been previously 100 per cent social housing, will see a private development company deliver more than 800 new homes with a mix of 50 per cent to be private housing, 30 per cent social housing and 20 percent affordable purchase housing.<sup>1</sup> The affordable purchase units are expected to be between €240,000 and €250,000 for a one bedroomed apartment and between €300,000 and €320,000 for a two bedroomed apartment. The affordable purchase houses are expected to cost between €260,000 and €300,000 for two bedrooms and €300,000 to €320,000 for the three bedroomed properties which calls into question how affordable is being defined. This is state land which is now being utilised to generate profits for developers and ultimately not deliver affordable places for people to live.

The Covid 19 pandemic has highlighted the importance of ensuring the provision of the myriad of services that are required for well-being. The pandemic impacts almost every aspect of daily life, transport, childcare, access to information, access to health and well-being outlets and highlighted to all of society, the importance of these, now, essential services.

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<sup>1</sup> <https://www.irishtimes.com/news/social-affairs/attempt-to-block-o-devaney-gardens-plan-for-800-homes-fails-1.4102459>

Affording a basic floor of services that everyone in the State should expect is a move towards what is termed “Universal Basic Services”, a concept developed by the Institute for Global Prosperity in 2017 and expanded on by Professor Ian Gough of the London School of Economics in his article in *The Political Quarterly* (Gough, 2019). Universal Basic Services are those which are “collectively generated activities that serve the public interest” (Gough, 2019, p. 1), that are basic and available to everyone who needs them – the NHS in the UK and the education system being two examples.

It is important to note that Gough presents the concept of Universal Basic Services as an alternative to Universal Basic Income, however *Social Justice Ireland* does not. We view them rather as complementary concepts based on the principles of social justice and equity. Universal Basic Services provide basic healthcare, education, childcare, transport and so on. The “universality” refers not only to the availability but to the need (the vast majority of us will require these services at some point over the lifecycle), and so a common, or universal, basket of services can be determined with some degree of consensus. Universal Basic Income, on the other hand, provides a sufficient floor of income to purchase necessities (such as food, heating, clothes and so on) which are, to a degree, discretionary (we do not all eat the same food, use the same heating provider, wear the same clothes and so on).

## 9.1 Key Evidence

### Public Transport

According to the National Travel Survey 2016 (Central Statistics Office, 2017), 74.3 per cent of all journeys taken in 2016 were by private car (as driver or passenger), whereas public transport accounted for just 5.5 per cent of all journeys. Those in densely populated areas were less likely to use a car than those in thinly populated areas, with private cars accounting for 65 per cent of all journeys in urbanised areas, compared to 75.9 per cent in thinly populated areas. Public transport was used over three times as much in densely populated areas than thinly populated areas. This may be explained by the greater availability of public transport in more densely populated areas, while thinly populated areas are reliant on private car use. This report also showed that the proportion of potential travellers who did not travel due to lack of access to transport doubled in the period 2014 to 2016, from 1.8 per cent to 3.6 per cent.

The Transport Omnibus 2019 (Central Statistics Office, 2020a) showed an overall increase in passengers on public transport between 2010 and 2019, from 198.5 million to 227.6 million. However, while passenger numbers increased in Dublin city and Provincial city and town services, numbers on ‘other scheduled services’ and school transport schemes have still not recovered to the same extent. (Table 9.1).

**Table 9.1:** Summary of Scheduled Bus Passenger Services 2010 to 2019

	2010 (,000)	2014 (,000)	2019 (,000)	% Change 2010-2019
Dublin city services	118,977	116,262	138,311	+16.2
Provincial city and town services	16,620	18,641	26,699	+60.6
Other scheduled services	20,640	18,547	20,074	-2.7
School Transport Scheme	42,327	43,940	42,614	+0.6

Source: CSO, Transport Omnibus 2019, extracted from Table 8.1

In addition to the 138 million bus passengers in Dublin city, over 48 million passengers used the two Luas lines in 2019, an increase from under 42 million the previous year and a further 35.5 million passengers used the Dublin suburban rail and DART services also seeing an increase from 34 million passengers the previous year. Mainline and other services and international journeys accounted for a further 14.5 million passengers across the rest of the country.

The bicycle sharing scheme in Dublin saw 3.18 million journeys undertaken in 2019, a decline from 3.8 million from 2018 and continuing the downward trend since 2016. Figures for 2019 are not available for similar schemes in Cork, Galway and Limerick. They reported journey numbers of 271,581, 39,005, and 27,772 respectively for 2018. When we compare data since 2015, the year in which all four bicycle schemes were operational, we see a decline in journey numbers, year on year, since 2016 in Dublin, Cork and Limerick. Galway is the notable exception, showing an increase in numbers, year on year, in this period (Table 9.2).

**Table 9.2:** Bicycle Sharing Scheme, Dublin, Cork, Galway and Limerick, 2015 to 2018

	2015	2016	2017	2018	% Change 2015-2018
Dublin	4,072,878	4,355,437	4,104,467	3,858,882	-5.2
Cork	289,426	290,590	281,266	271,581	-6.2
Galway	19,934	13,574	23,758	39,005	+95.6
Limerick	40,118	32,892	32,481	27,772	-30.8

Source: CSO, Transport Omnibus, various years, extracted from Tables 8.16 and 8.17

The bicycle sharing scheme is an excellent initiative and supports environmentally sustainable commuting in urban centres. However, without hard infrastructure for cycle lanes, our continued reliance on private cars for urban commutes makes city-cycling hazardous. *Social Justice Ireland* therefore calls on Government to expedite the introduction of hard infrastructure to support safe cycling in our cities.

Traffic congestion due to our reliance on private cars contributes to our carbon footprints, adds to our commute times and reduces our quality of life. Commute times increased between 2011 and 2016 with commuters in the counties bordering Dublin experiencing the longest average commute. Trips inside Dublin tend to be shorter than those outside but take longer. In Dublin, 21 per cent of commuters use public transport, compared to just 2 per cent in rural areas. Walking to work has also declined from a high of 15.2 per cent in 1986 to 3 per cent in 2016. Transport was responsible for 20.3 per cent of all greenhouse gas emissions in Ireland in 2019.<sup>2</sup> A profile of the emissions share by transport sector showed road transport in Ireland attributed 95 per cent of all transport emissions in between 2015 and 2019, higher than the EU average of 71 per cent in 2018.<sup>3</sup> Government expenditure on public transport as a percentage of total land transport expenditure has fluctuated since 2002, reaching a low of 30 per cent in 2006. The proportion of the spending allocation for public transport in 2019 is 42 per cent (Irish Government Economic and Evaluation Service, 2019).

The lack of reliable public transport in rural areas means that rural households are more reliant on their car to access basic services and commute to and from work and school. This reliance is contributing to our carbon footprint, with Transport being one of three main contributing industries. In order to combat the effects of climate change, Government will need to continue to increase the carbon tax. In terms of transport, this will disproportionately affect rural households and must be mitigated through the development of a Just Transition plan, which should include an ambitious target for sustainable transport and the use of renewables and biofuels.

Covid 19 has created a shift in the use of public and private transport. Dublin City Council implemented Covid Mobility measures, increasing cycle lanes and the width of pavements by decreasing access for private car use. The restrictions on movement saw a reduction in the number of cars on the road, with a similar impact noted in both Dublin and across regional locations. In the period with increased restrictions (29<sup>th</sup> March 2020 - 2<sup>nd</sup> May 2020), there was a 70 per cent drop in car usage from the same period in 2019. The volume of passenger journeys on public transport also decreased since the onset of restrictions on movement. Rail transport (including DART and intercity) has seen the largest drop with 97.2 per cent less journeys taken in the first week of April 2020 as compared with the first week in March of the same year. Luas journeys for week of the 23<sup>rd</sup> March 2019 were just

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<sup>2</sup> <https://www.epa.ie/ghg/transport/>

<sup>3</sup> <https://www.eea.europa.eu/data-and-maps/indicators/transport-emissions-of-greenhouse-gases-7/assessment>

over 1 million compared to the same week in 2020 which noted a mere 109,378 journeys (Central Statistics Office, 2020).

More must be done to promote the use of public transport. Infrastructure must be in place to support thinly populated areas to grow and thrive, while those living in Dublin and surrounds, with access to an extensive public transport network, should be encouraged and incentivised to use it. We must look at measures implemented due to Covid-19, particularly in relation to walking tracks and cycling lanes, and work towards making these a more permanent transport feature.

## **Childcare**

In 2018, just 43.1 per cent of children under the age of three years are cared for only by their parents, which means 56.9 per cent of children under the age of three are cared for by people other than their parents, be it grandparents, childminders or with formal childcare providers.<sup>4</sup>

### *Affordability*

Affordable childcare and child-friendly employment arrangements are key requirements for greater labour participation among young mothers (OECD, 2016:17). Cost is also key in keeping women in the workplace with many working women citing childcare costs as a reason to consider leaving the workplace.<sup>5</sup> In September 2019, the then Department of Children and Youth Affairs published findings from a survey of almost 4,000 childcare providers revealing that the average fee for full-time childcare provision is now €184 per week, with the highest being in the Dun Laoghaire-Rathdown area (€251 per week on average) and the lowest in Carlow (an average of €148 per week) (Department of Children and Youth Affairs, 2019).

Affordability of childcare is much more of an issue in Dublin and surrounds, and Cork, than the rest of the country, with the subsidy accounting for just 9 per cent of the cost in the most expensive area.<sup>6</sup> While the cost of childcare may have grown nationally by 4.3 per cent between 2015/2016 and 2016/2017, this hides the geographical disparity where, for example, in Leitrim the average cost of childcare, including the subsidy is €530, or one third of a full-time minimum wage worker's take-home pay. This increases to 49 per cent of take-home pay in Dublin City Centre. Rates for part-time childcare have dropped in many counties, increasing the disparity, with Carlow cited as seeing a decrease of 30 per cent to €230 and Dun Laoghaire-Rathdown experiencing an 8 per cent increase to €558. This accounts for a cost of between 15 and 31 per cent of the take-home pay of a full-time minimum wage worker (Nugent, 2017).

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<sup>4</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php/Living\\_conditions\\_in\\_Europe\\_-\\_childcare\\_arrangements](https://ec.europa.eu/eurostat/statistics-explained/index.php/Living_conditions_in_Europe_-_childcare_arrangements)

<sup>5</sup> <https://www.irishtimes.com/news/social-affairs/half-of-working-mothers-consider-giving-up-work-over-childcare-costs-1.4189580>

<sup>6</sup> Dunlaoghaire-Rathdown

The share of disposable income spent on childcare was 12 per cent across all families, rising to 16 per cent for lone parents and 20 per cent for low income families. High childcare costs present a barrier to employment, particularly among young women with children. An increase in the cost of childcare led to a decrease in the number of paid working hours for mothers. An increase in the cost of provision of just 10 per cent could lead to a 30 minute reduction in a mother's working hours (Russell, McGinnity, Fahey, & Kenny, 2018).

However, high childcare costs do not translate to high wages for childcare workers. A report by Pobal found that there is “no correlation between fees and the wages paid to staff” (Pobal, 2018). In general, there were five main determinants of wages; staff position/job title; length of time working in the sector; length of time in the service; highest qualification attained; and county. Centre managers, on average, are paid the highest, at €14.99 per hour, while relief staff and early years assistance (non-ECCE) earn the least, at €10.77 and €10.93, respectively. Location across the country also bears an impact, with the lowest average hourly earnings in Longford (€11.25) and the highest in Dublin City (€13.19). In addition, there are increasing demands on childcare workers to improve their skills and qualifications, leading to a realistic expectation of better pay and conditions. For parents, choosing a childcare provider is not easy. The child needs to be comfortable and safe and the parents need to be able to trust the provider will meet the child's needs in a warm stable environment. This can be difficult to attain when there is a reported staff turnover rate of 25 per cent in the sector (Pobal, 2018).

Covid 19 has had a huge impact on the provision of childcare, both in formal and informal settings. Approximately 40 per cent of workers in the Republic of Ireland have dependent children (Wilson, 2020). Families could no longer rely on other family members, especially grandparents. Schools and childcare facilities closed their doors in March 2020 with many of the childcare providers reopening in June of 2020. This closure of crèches and early childcare facilities exposed just how vital a service they are. Front line workers with small children were faced with difficult choices. Those that were able to work from home now had to do so with small children in their care.

The pandemic has highlighted the importance of this industry and the importance of ensuring that staff are supported and as such, *Social Justice Ireland* believes that childcare staff should earn a decent wage and that Government should ensure that subsidies aimed at improving the conditions of childcare staff are not used to increase costs to parents. This could be facilitated to some extent by legislating to reduce ancillary costs such as insurances which are having a detrimental effect on the sector.

### ***Insurance Costs***

In response to a question on insurance in the childcare sector, the then Minister for Children and Youth Affairs advised that while insurance in the sector was a concern, her Department had not heard from many childcare organisations on the

issue.<sup>7</sup> However, the departure of a large insurance organisation from the market that same month led to reports that childcare providers are facing large increases in their premiums, or face closure due to an inability to access an alternative provider, particularly where there are open claims.<sup>8</sup> In response, the Minister then announced a once-off fund of €7 million, providing an average of €1,500 per provider although payments will be based on location, number of children per provider and so on (Department of Children and Youth Affairs, 2019a).

While this intervention is welcome, it was a once-off measure. Reform of the insurance sector generally is required, but for childcare providers who cannot access insurance even with more than one provider in the marketplace, their staff, the parents who use them and their children, this sector needs to be prioritised.

### ***Early Years Strategy – First 5***

In November 2018, the Department of Children and Youth Affairs published the first Early Years Strategy. *First 5, a Whole of Government Strategy for Babies, Young Children and their Families 2019-2028* recognises the importance of family care in the first twelve months of a child’s life and outlines the objective to allow a mother or father access to paid parental leave during this time, with a further action point of encouraging greater work-life balance practices in employment, as outlined in the EU Directive on Work-Life Balance (Department of Children and Youth Affairs, 2018). A further objective set out under Goal C – Positive play-based early learning, is to increase safe, high-quality, developmentally appropriate, integrated childcare, which reflects diversity of need, which will be met through making childcare more affordable, extend the provision of subsidised childcare and the integration of additional supports for children with increased needs.

*Social Justice Ireland* welcomed the publication of the Early Years Strategy, with its child-centred focus and inter-Departmental governance and implementation plan. The successful implementation of this ambitious Strategy will be determined in large part by the resources allocated to fund it. *Social Justice Ireland* proposes a target of investing 1 per cent of GDP by 2026 in early childhood care and education (the expenditure of the top performing countries in Europe). Investment needs to increase by a minimum of 0.1 per cent of GDP with a view to reaching 1 per cent of GDP by 2026 in line with the top performing countries in the OECD (see Chapter 8 for more). This level of investment is crucial to ensuring that all children have access to quality childcare and after-school care which supports their development and facilitates parents to participate in the labour market.

### **Digitalisation**

Arguably one of the biggest changes brought on by the Covid-19 pandemic has been to working practices. With many adults and children both working and learning from home, good quality, affordable, reliable internet connection is now a

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<sup>7</sup> <https://www.oireachtas.ie/en/debates/question/2019-12-10/60/>

<sup>8</sup> <https://www.irishexaminer.com/news/arid-30970651.html>

necessity, not a luxury. It is an essential economic, social and educational inclusion tool that enables people to fully participate in society and remain connected and informed. It will be important to ensure ease and equality of access so that already disadvantaged or marginalised groups do not fall further behind.

More than a decade ago, the European Commission recognised that ‘Digital literacy is increasingly becoming an essential life competence and the inability to access or use ICT has effectively become a barrier to social integration and personal development. Those without sufficient ICT skills are disadvantaged in the labour market and have less access to information to empower themselves as consumer, or as citizens saving time and money in offline activities and using online public services’ (European Commission, 2008, p. 4). Over ten years later, there are still areas in (particularly rural) Ireland who continue to be disadvantaged in this way, with the digital divide further exacerbating educational disadvantage in areas with poor connectivity.

Internet connectivity in 2019 stood at 91 per cent, an increase of two percentage points on 2018 and 2017. Households with children are more likely to be connected to the internet than adult households with no children. Fixed broadband connection is the most commonly used, accounting for 84 per cent of households (an increase of 2 percentage points on 2018). Households in Dublin and the Mid-East continue to outpace the rest of the country for access to fixed broadband (with 92 per cent and 90 per cent connectivity respectively), while the Midlands and Border Regions fare the worst (with 69 per cent and 71 per cent respectively) (Central Statistics Office, 2019).

Among households who did not have internet access, the main reasons for not having it were that it was not needed (52 per cent), followed by a lack of skills (42 per cent), prohibitive cost of access and high equipment costs (10 per cent and 9 per cent) and availability of internet access elsewhere (9 per cent). Seven per cent also reported the lack of availability of broadband internet as a factor (Central Statistics Office, 2019).

At European level, Ireland ranks 6<sup>th</sup> in the EU Digital Economy and Society Index (DESI), up two places on the previous year having improved in all dimensions measured (European Commission, 2020). They report that fixed, very high-capacity network (VHCN) coverage has jumped from 13 per cent in 2019 to 21 per cent in 2020 but still lags behind the EU average of 44 per cent and importantly in terms of equality of access, Ireland is one of the EU’s most expensive countries in terms of broadband (ranking 27<sup>th</sup>). Given its status as an essential tool for work and education, this must be addressed.

Ireland’s use of the internet is broadly in line with the European average. Our use of the internet points to a society that is moving away from personal social interaction, towards virtual engagement with others. Traditionally, this would have been cause for concern, a worry that many were becoming isolated. However,

now access to digital communication platforms has proved vital to ensuring that people can stay connected with their various communities. According to the DESI (European Commission, 2020), 9 per cent of the adult population in 2019 have never used the internet, a decrease from 16 per cent in 2018. As the internet is now more important than ever, this skills gap needs to be addressed and supported to ensure that the increasing number of services who operate primarily or exclusively online are available to all. This is particularly the case among our older population, where 29 per cent of those aged 60 to 74 have never used the internet (down from 53 per cent on the previous year) (Central Statistics Office, 2019).

### ***National Broadband Plan***

Broadband, particularly for rural areas, is essential if Ireland is to keep pace with globalisation while also ensuring balanced rural development. If the change to working from home becomes permanent for many, location will no longer be an issue allowing many to relocate from expensive urban centres to more rural locations. *Social Justice Ireland* urges Government to expedite the roll-out on the National Broadband Plan without further delays.

### **Financial Services**

Financial services were becoming increasingly digital, with more and more daily, everyday transactions moving on-line or becoming cashless even before the Covid-19 pandemic. The resulting restrictions proved difficult for those that did not have the ability to make payments for goods with cards, either in store or on-line. Access to financial services, now more than ever is key to inclusion in society. With the publication of the White Paper to End Direct Provision and to Establish a New International Protection Support Service (2021) committing to facilitating the opening of bank accounts for International Protection applicants, the Basic Payment Account, the spotlight is once again on the importance of financial inclusion.

Financial exclusion is not just about access to bank accounts but access to reasonable, affordable credit that takes account of the financial position of the consumer while cognisant of the need for people on low incomes to meet contingency expenditures without resorting to high cost credit, 'pay day loans' or illegal moneylenders. A report from the Social Finance Foundation found that in 2018, there were 330,000 people accessing credit from moneylending firms.<sup>9</sup> The majority were female, aged between 35 and 54 and drawn from lower socio-economic backgrounds. A large proportion have loans from 'home credit companies' which charge APRs of up to 287 per cent. Credit unions have traditionally provided low cost credit to members within their 'common bond' area charged at 1 per cent interest per month, or 12 per cent per annum. These loans are provided as an alternative to high cost credit from legal and illegal moneylenders for families having difficulties saving for life events such as a child's communion, home improvements or the unexpected breakdown of an essential appliance. In 2018, almost four in ten people (37.3 per cent of the

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<sup>9</sup> <https://sff.ie/irr/>

population) reported being unable to face an unexpected financial expense.<sup>10</sup> The 'It Makes Sense' loan or Personal Micro Credit Loan, introduced in 2016 and operated through participating credit unions, is already in existence for borrowers with impaired credit. This allows a member of a participating credit union to access a moderate loan, of between €100 and €2,000, with payments deducted at source from their social welfare payments via the Household Budget Scheme. Not all credit unions provide this loan, with some citing regulatory and macroprudential lending issues and others providing a similar product to existing customers. The 'It Makes Sense' loan is an inter-Departmental initiative and, as such, should be subject to monitoring and review, focused on consumer protection and financial inclusion.

While there are a number of organisations available to provide support for those in financial difficulties, there is not enough emphasis on prevention and money management education. Discussions at the Central Bank of Ireland Civil Society Roundtable in November 2019, acknowledged that further investment in the area of financial literacy was required, with agreement that this should be incorporated into mainstream education.<sup>11</sup> MABS, the State's Money Advice and Budgeting Service, did provide money management education as part of its community supports, however, the future of the support is unclear given the restructure of the MABS companies and the replacement of the MABS National Development Company with a National Support Company. More needs to be done to develop this skill from an early age, with classes in late-primary and secondary schools.

In light of the severity of its impact, *Social Justice Ireland* welcomed the inclusion of financial literacy in the Roadmap for Social Inclusion 2020-2025 and urges Government to build a module on financial literacy in to the primary and secondary curricula.

It is incumbent on Government to track levels of financial exclusion and to build and monitor policies and practices aimed at eliminating it in its entirety by 2025.

### **Legal Supports and Access to Justice**

Access to justice is a basic human right, however in order to achieve equality of access, there must be a balance of power on both sides. In a legal context, the balance of power almost always rests with those who can afford counsel. Redressing this balance requires the availability of free and low-cost legal services to those who need the advice of a qualified solicitor or barrister but who cannot afford the costs associated with it.

The Legal Aid Board provides advice and representation on criminal and civil matters for those on low income. Criminal legal aid, through the Garda Station Legal Advice Revised Scheme, the Legal Aid – Custody Issues Scheme and the

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<sup>10</sup> Eurostat Database [ilc\_mdcs05]

<sup>11</sup> <https://www.centralbank.ie/events/event-detail/2019/11/29/default-calendar/civil-society-roundtable>

Criminal Assets Bureau Ad-hoc Legal Aid Scheme, is free of charge to the user, subsidised by the State for those dependent on social welfare or having a gross income of €20,316 per annum or less. Civil legal aid is also subsidised but is not free. Applicants are means tested and pay a fee of between €30 and €130 for this service. Their case is also subject to a principles test and a merits test, to ascertain if the case has a chance of success. Their civil services range from family law matters (including separation, divorce and custody and a free family mediation service), debt, wills and inheritance. In 2019, there were 24,356 applications for legal aid made, of which 15,458 related to civil matters (a decrease of 4 per cent on 2018) and 2,539 for international protection (an increase of 22 per cent on 2018). In addition, there were 1,137 related to the Abhaile Scheme (for borrowers in late-stage mortgage arrears, (see Chapter 6 for more information) and 5,222 cases related to family mediation (an increase of 14 per cent on 2019) (Legal Aid Board, 2020).

Previous cuts in both staffing levels and funding for the Legal Aid Board and the decision to raise costs for legal services has had the inevitable effect of both to deter and deny access to justice. Budget 2021 provided an increase of €2 million, bringing the total funding for the Legal Aid Board to €44.6 million. As welcome as this increase is, it does not come close to recognising the current workload of the Legal Aid Board who noted that the Land and Conveyancing Law Reform (Amendment) Act 2019, once commenced, will introduce issues to be considered before an order for repossession of a property could be granted had the potential to increase the demand on their services.<sup>12</sup> The White Paper to End Direct Provision and to Establish a New International Protection Support Service (Government of Ireland, 2021) confirms that the Legal Aid Board will bring forward proposals to the Department of Justice by 2022 on what would be required to support 3,500 applicants for international protection per year and estimates an additional allocation for the Legal Aid Board of €8.8 million.

In its Submission to the United Nations Human Rights Committee on the List of Issues for the Fifth Periodic Examination of Ireland, the Irish Human Rights and Equality Commission (IHREC) provides the UN with updates ahead of its preparation of the List of Issues. This report notes that the “Commission has called for the remit of the Legal Aid Board to be reviewed and for civil legal aid services to be made available in a wider range of areas, for the minimum contribution fee for civil legal aid to be reviewed, particularly in light of the Legal Aid Board’s Public Sector Equality and Human Rights Duty obligations, and for the Legal Aid Board to be adequately resourced to ensure that waiting times are reduced”.<sup>13</sup>

Consumers who need legal advice, but do not require legal representation, can access the Free Legal Advice Centres (FLAC). FLAC provide a network of volunteers through clinics held primarily in Citizens Information Centres nationwide. FLAC

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<sup>12</sup> <https://www.legalaidboard.ie/en/about-the-board/external-consultative-panel/July-2019-MInutes>

<sup>13</sup> <https://www.ihrec.ie/app/uploads/2020/12/Submission-to-UN-HR-Committee-on-the-LOIPR-on-Irelands-5th-periodic-examination.pdf>

volunteers provide advice on a range of legal issues, including family law, debt, probate, employment and property. A consultation is twenty minutes long and general advice is usually given, as in many cases the person seeking the advice has little or no paperwork for review. In 2019, 14,526 people attended FLAC clinics, an increase of 6 per cent on 2018 and there were a further 12,469 calls to their telephone information and referral line, an increase of 8.5 per cent. The main areas of inquiry to the FLAC information and referral line continue to be family law, employment and housing (FLAC, 2020).

The Legal Aid Board and FLAC provide valuable services, however *Social Justice Ireland* believes that access to justice is such a fundamental human right that it should not be dependent on well-intentioned volunteers dealing with a range of legal topics in twenty minute increments and calls on Government to ensure that people's rights are protected and dignity respected in this most fundamental way, by adequate access to justice through the court system.

## **Regulation**

How accountability is translated into practice can be closely related to the independence of the regulator and its functions and powers (OECD, 2016:17). The areas most associated with 'light touch' regulatory policy in Ireland are the financial and property sectors. Thousands of households continue to feel the effects of the economic crash, while lack of robust regulation of the planning processes have left Ireland with urban sprawl across towns and cities, and inaccessible one-off properties in remote areas, widening the 'urban/rural' divide by making essential services inaccessible and ineffective.

### ***Ireland's Regulatory Position***

The Register of Lobbying<sup>14</sup> was introduced in 2015 to increase transparency and accountability, making information available to the public on the identity of those lobbying designated public officials and the nature of those lobbying activities. At the time of writing its Annual Report for 2019, almost 9,600 returns had been received by the Commission in Regulating Lobbying, a decrease on the previous year when a reported 9,800 returns were made (Commission in Regulating Lobbying, 2020). While this increased transparency is to be welcome, the question of what, if any, effect it is having on a cultural shift from vested to public interest remains. Greater attention must be drawn to the information available on the Lobbying Register.

*Social Justice Ireland* calls for the inclusion in the Commission's Annual Reports of policy areas with the greatest lobbying activity, the lobbying organisations and the designated public officials engaged so as to highlight to the general public those influencing the political decision-making process.

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<sup>14</sup> <https://www.lobbying.ie/>

### ***Creating Regulatory Policy***

Reactionary regulation, introduced after a crisis, can also serve to further exclude those who it should serve to protect, by placing barriers to goods and services in the way of those without the resources to engage with increasing bureaucracy. *Social Justice Ireland* believes that regulation has a place in protecting the rights of the vulnerable by addressing the balance of power when engaging with corporations and political structures, but not be so involved as to create a barrier rather than a safety net.

The OECD recommends that the governance of regulators follow seven principles to ensure the implementation of proper policy:

1. Role Clarity
2. Preventing Undue Influence and Maintaining Trust
3. Decision Making and Governing Body Structure
4. Accountability and Transparency
5. Engagement
6. Funding
7. Performance Evaluation

These principles work together as a continuum with clarity from the start and performance evaluation informing governance policy, thereby creating levels of clarity as learning from the evaluation is utilised. If these principles were ingrained in the process for development of regulation and governance of regulators, consumer protection and independence would naturally follow from regulation in line with these central tenets.

*Social Justice Ireland* believes that regulation should have consumer protection at its centre rather than the aim of increasing market participation. Before engaging in any new regulatory processes, the Government should ensure that the rights of its citizens are protected, including the right to a reasonable standard of living with access to basic services at a reasonable cost.

### **Library Services**

The temporary closure of libraries due to the Covid-19 pandemic highlighted just what an important community facility they are. Students of all ages had no access to resources, those who borrow rather than buy books and those who use the meeting spaces to gather together were now without.

Libraries provide an important social and educational role in Ireland, with over 17 million visits annually by 1,195,909 registered members across 330 branch

libraries and 30.5 mobile libraries.<sup>15</sup> Operated by Local Authorities, they play an important role in ensuring access to information, reading and learning material. In recent years, libraries have greatly expanded their offering, with a roll-out of digital services including e-books, and access to journals and catalogues online and, in between 2012 and 2017 added 45 new or extended library branches. They also provide affordable internet access and support for people who may not own a computer, an important service, particularly in areas with low connectivity and/or high numbers of older people.

Many libraries also offer exhibition and meeting spaces, specific activities such as book clubs, parent and child reading events, local history lectures and act as an information hub within in a community. In addition to the fixed venues, they offer a mobile service for schools and in rural areas. As part of their commitment towards equity of access, library membership is now free for core services. *Social Justice Ireland* welcomes the broadening of the scope of the library service, the introduction of Libraries Ireland, the availability of e-learning and electronic resources etc. However, it is important that these developments do not result in a closing or downgrading of smaller branch libraries, which play a significant role in supporting communities.

A new strategy for the public library service was delivered in 2018. *Our Public Libraries 2022*<sup>16</sup> sets out three strategic programmes for the delivery of the library service. The first is Reading and Literacy, which includes rolling out Right to Read programmes for children; the second is Learning and Information, which seeks to establish libraries as a key resource for the promotion of and access to lifelong learning and health and wellbeing; and the third is Community and Culture, which intends to establish libraries as central to communities, providing inclusive spaces for cultural, community and civic events. The plan to enhance the position of libraries as community hubs is a welcome one. It contains ‘Strategy Enablers’ – specific actions underpinning each strategy, which include enhancing library buildings to meet the needs of the surrounding society, expanding the capital build programme, increasing staffed library open hours and ‘My Open Library’ (that is, the unstaffed opening hours) to more libraries across the country, introducing universal access to library services and removing fines and upgrading library ICT systems.

The Libraries Strategy will only succeed with the commitment of library teams, particularly in the areas of community engagement and education. *Social Justice Ireland* recommends that their central role to this success should be well supported through resources allocated to their continued professional development and wellbeing.

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<sup>15</sup> <https://www.gov.ie/en/policy-information/7468fd-public-libraries/>

<sup>16</sup> <https://www.gov.ie/en/publication/720f68-public-library-strategy-2018-2022/>

Achieving the vision within the strategy will require significant investment in our library infrastructure, their collections, their staff, their civic and cultural programming, their technology and their outreach services. We recommend a particular focus on encouraging new and disadvantaged communities to avail of the benefits of the library for broad education and recreation purposes. Libraries have an opportunity to collaborate with local stakeholders, become vibrant information hubs and centres of enterprise, culture and learning fit for the 21<sup>st</sup> century.

## **Sports and Recreation Facilities**

### ***Adult Participation***

Almost half of all adults in Ireland regularly participate in sports (46 per cent), some 1.78 million people. This represents an increase of three percentage points since 2017, the baseline used to measure against the targets set in the National Sports Policy 2018-2027<sup>17</sup>, and shows that adult participation is doing well against a target of 50 per cent participation by 2027. Improvements have also been made in reducing the active sport gradient between men and women (from 4.5 per cent in 2017 to 3.9 per cent in mid-2019 towards a target of 0 per cent); increasing the number of adults regularly engaged in sports through volunteering and membership or attendance (from 45 per cent in 2017 to 47 per cent in mid-2019 towards a target of 55 per cent in 2027) and reducing the level of non-participation in sport or recreational walking (from 22 per cent in 2017 to 20 per cent in mid-2019 towards a target of 15 per cent). However, just 34 per cent of the adult population meet the national physical activity guidelines through participating in at least 30 minutes of moderate or greater intensity exercise or physical activity at least five times per week (Sport Ireland, 2020).

Unfortunately, age and social status continue to present barriers to participation in sport. Just 29 per cent of adults aged 55 and over participate in sport (an increase from 28 per cent in 2017) compared to 63 per cent of those aged under 35 (an increase from 59 per cent in 2017). Adults reporting a long-term health problem or disability are less likely to participate in sports than adults reporting no long-term health problem or disability, although the gap is closing slightly (33 per cent and 49 per cent respectively, increasing from 29 per cent and 47 per cent in 2017). Those with a lower socio-economic status were also less likely than their well-off counterparts to participate in sport (39 per cent and 59 per cent respectively, compared to 35 per cent and 55 per cent in 2017, so the gap remains consistent) (Sport Ireland, 2020).

### ***Child Participation and Outdoor Play***

Child participation in sport decreases with age. Eighty per cent of primary school children in the Republic of Ireland participate in a community sport at least once a week, compared to 58 per cent of post primary school children (Woods, et al., 2018). The gap for school sport is narrower (70 per cent of primary school children play a school sport at least once a week compared to 63 per cent of post primary

<sup>17</sup> <https://www.gov.ie/en/publication/aaa7d9-national-sports-policy-2018-2027/>

school children), however with just 17 per cent of primary school children and 10 per cent of post-primary school children meeting the physical activity guidelines, more work is needed outside of the school environment to support child physical activity.

Organised sport does not appeal to every child, and physical activity through outdoor play is especially important to ensure that children are encouraged to get active. Outdoor play is also important for socio-emotional and cognitive development. A recent study on the importance of outdoor play, based on the Growing Up in Ireland data, found that although the majority of Irish children engage in some form of outdoor play, neighbourhood safety was a concern among some parents who limited their children's outdoor play time due to heavy traffic, adequate/appropriate outdoor play facilities in their area, poor condition of footpaths, roads and lighting, or littering (Egan & Pope, 2018). This study does not look at the socio-economic profile of the children involved; however, it provides a clear indication that investment in neighbourhood safety and outdoor play facilities would increase the likelihood of outdoor play among young children.

### *Child Obesity*

Child obesity is increasing across many developed countries and is a cause for concern for the future health and wellbeing of the population and has been identified by the World Health Organisation European Region as a serious public health problem.<sup>18</sup> The Department of Health, in 2016, launched the Obesity Action Plan 2016 – 2025, 'A Healthy Weight for Ireland' as part of the overall Healthy Ireland initiative with a target to decrease by 0.5 per cent a year the level of excess weight in children.<sup>19</sup> Published in May 2020, the Childhood Obesity Surveillance Initiative in the Republic of Ireland found that 1 in 5 of the primary school children included in their studies for 2018 and 2019 were overweight or obese with noticeable differences between children attending schools classified as disadvantaged.<sup>20</sup>

In older children, 20 per cent of 13 year olds are overweight and six per cent are classified as obese, with girls more likely to be overweight or obese than boys (Williams, et al., 2018). There has been some significant shifts in the weight status of these 13 year olds when compared to the previous report at 9 years old. Of those who were non-overweight at 9 years old, 89 per cent have remained so, with 10 per cent becoming overweight and 1 per cent becoming obese in the intervening period. Of those who were overweight at 9 years old, 35 per cent are non-overweight, 54 per cent remained overweight and 11 per cent became obese.

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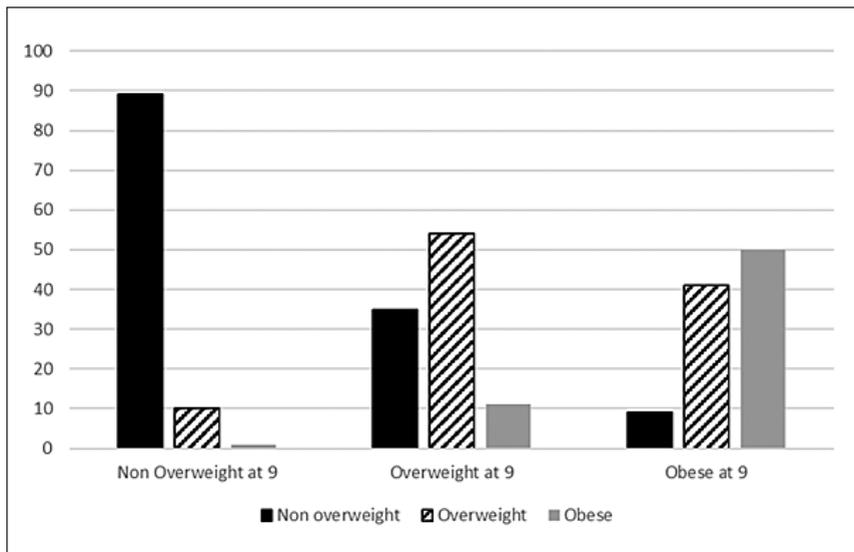
<sup>18</sup> Europe WHO-ROF. The challenge of obesity in the WHO European Region and the strategies for response.; 2007

<sup>19</sup> <https://www.gov.ie/en/publication/c778a9-a-healthy-weight-for-ireland-obesity-policy-and-action-plan-2016-202/>

<sup>20</sup> <https://www.hse.ie/eng/about/who/healthwellbeing/our-priority-programmes/heal/childhood-obesity-surveillance-initiativecosi/childhood-obesity-surveillance-initiative-report-2020.pdf>

Of those who were classified as obese at 9 years old, 9 per cent became non-overweight, 41 per cent became overweight and 50 per cent remained obese (Chart 9.1).

**Chart 9.1:** Change in Weight Status of 13 year olds since 9 years of age



Source: Growing Up in Ireland, Williams et al, 2018

### *National Physical Activity Plan*

The low rate of participation in physical activity among Ireland’s children and adults, high rates of use of private transport for even short journeys, including the school run which sees approximately only one quarter of primary school children walking, cycling or skating and the increasing prevalence of online shopping means that Ireland is becoming a more sedentary country. The National Physical Action Plan, published in 2016 as part of the Healthy Ireland framework, contains ambitious targets for eight key action areas including children and young people, work places, public awareness and sport and physical activity in the community.

*Social Justice Ireland* commends Government on the initiatives undertaken in furtherance of this plan, such as ‘Park Runs’, ‘Operation Transformation’, and the site ‘getirelandactive.ie’ that recommends physical activities for a range of ages and lifestyles and calls on Government to encourage children and adults, particularly those from a low socio- economic backgrounds to increase their participation in sports through the further development of playgrounds and subsidised sports centres.

### ***Sports and Recreation Funding***

The largest and most well-known sports organisation in Ireland is the GAA, whose clubs not only provide a physical outlet for those playing the games, but also as a social and recreational space for people to volunteer. However, maintaining facilities to a high standard and encouraging wide participation is expensive, and there is a need to offer support-funding to clubs in this regard. This is particularly important for sports which do not have access to large gate receipts. Government should be cognisant of the health, societal and economic benefits of sports and social outlets, and provide sufficient ring-fenced funding to complement this voluntary effort.

Budget 2021 delivered a 21 per cent reduction in funding for Sports and Recreation Services at a time when more outdoor facilities are needed.<sup>21</sup> However, In January of 2020, the Minister for Rural and Community Development announced almost €3.2 million in funding for 173 projects as part of the Outdoor Recreation Infrastructure Scheme.<sup>22</sup> The Scheme will provide funding for the development, promotion and maintenance of cycle and walkways, nature trails and blueways.

A source of revenue that could be ring-fenced for sports participation and recreational activities is the Sugar-Sweetened Drinks Tax<sup>23</sup> which was introduced in May 2018 and could provide investment of between €30 and €40 million. If appropriately allocated, this revenue could move Ireland further towards attaining the targets of the *National Plan for Physical Activity*.

## **9.2 Key Policy Priorities**

*Social Justice Ireland* believes that the following policy positions should be adopted in addressing Ireland's many public services deficiencies:

- Increase the provision of public transport in rural areas and provide greater investment in sustainable transport and biofuels.
- Invest in hard infrastructure for cycle lanes.
- Ensure connectivity to affordable high speed broadband access right across the country.
- Develop programmes to enable all internet users to critically analyse information and to become “savvy, safe surfers” and a grants scheme to support

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<sup>21</sup> <https://www.socialjustice.ie/sites/default/files/attach/publication/6392/budget2021analysisfinal.pdf>

<sup>22</sup> gov.ie - Minister Humphreys and Fáilte Ireland announce €3.2 million in funding for outdoor recreational amenities ([www.gov.ie](http://www.gov.ie))

<sup>23</sup> For full details on a joint proposal from the Irish Heart Foundation and Social Justice Ireland see <http://www.socialjustice.ie/content/publications/reducing-obesity-and-future-health-costs-proposal-health-related-taxation>

low income and vulnerable households to purchase ICT equipment needed to access public services on implementation of the National Digital Strategy.

- Increase investment in early childhood education and care and after-school care by 0.1 per cent of GDP each year with a view to reaching 1 per cent of GDP by 2026.
- Introduce financial literacy and education to the primary and secondary school curricula.
- Track levels of financial exclusion and build and monitor policies and practices aimed at eliminating it in its entirety.
- Ensure that the Legal Aid Board is adequately funded so that people in the court system are guaranteed equality of access to justice.
- Include, in the Commission for Regulating Lobbying's Annual Reports, policy areas with the greatest lobbying activity, the lobbying organisations and the designated public officials engaged so as to highlight to the general public those influencing the political decision-making process.
- Invest in the continuous professional development and wellbeing of library staff to ensure the success of the Libraries Strategy.
- Increase funding to encourage sports participation and active lifestyle programmes.
- Ring-fence revenue gained through the sweetened drinks tax to fund sport and recreational facilities and services.

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## Chapter ten

# Chapter 10

## People and Participation

### Core Policy Objective:

To ensure that all people from different cultures are welcomed in a way that is consistent with our history, our obligations as world citizens and with our economic status.

To ensure that every person has a genuine voice in shaping the decisions that affect them and that every person can contribute to the development of society.



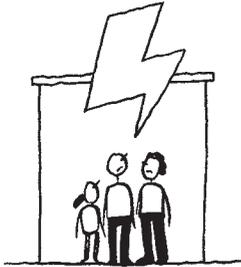
### Key Issues/Evidence



Lack of supports for skills transfer programmes for immigrants to Ireland.



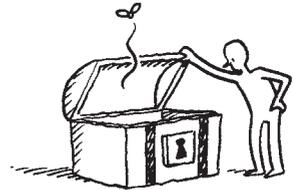
Lack of planning for a changing and ageing population.



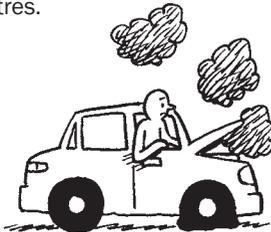
Human Rights violations in Direct Provision centres.



Racism, particularly in political discourse.



Funding for the Community and Voluntary sector still not restored to pre-crisis levels.



Ireland not meeting our UN obligations.



Lack of sustained social dialogue at local and national level.

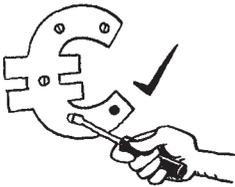
## Policy Solutions



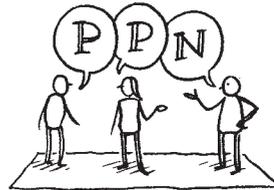
Invest in skills transfer programmes and encourage participation of immigrants in all aspects of economic and social life in Ireland.



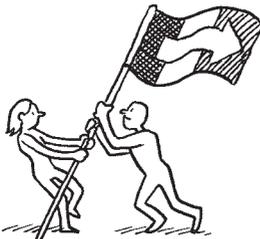
Implement the recommendations of The Report of the Advisory Group on the Provision of Support, including Accommodation, to Persons in the International Protection Process (Day Report)



Reinstate funding for Traveller specific initiatives pending the outcome of the Joint Oireachtas Committee hearings on Issues Affecting the Traveller Community



Adequately resource Public Participation Networks and promote social dialogue at local level.



Implement the national strategies concerning the Community and Voluntary sector.



Promote social dialogue at national level

# 10.

## PEOPLE AND PARTICIPATION

### Core Policy Objective: PEOPLE AND PARTICIPATION

To ensure that all people from different cultures are welcomed in a way that is consistent with our history, our obligations as world citizens and with our economic status.

To ensure that every person has a genuine voice in shaping the decisions that affect them and that every person can contribute to the development of society.

The infrastructure, services and policies that a country develops and implements are determined in large part by that country's demography, that is, the make-up of its population. Every person should have a right to have a say in how and where infrastructure is delivered, what services are required and provided and what policies are implemented to shape their communities. Local and national Government policies affect every one of us, and every one of us should have our say. Part of the 'Good Governance' pillar in *Social Justice Ireland's* Social Contract Framework, set out in Chapter 2, requires the promotion of deliberative democracy, as well as new criteria in policy evaluation and the continued development of a social dialogue process involving all sectors of society. This is a core tenet of living in a democracy. At a time when the very fabric of democracy is under threat across the globe, this is something we must strive to protect.

In this Chapter we explore the changing demographics within Ireland, set out some of the challenges of these changes, and how they might be met in Ireland today.

If the objectives set out above are to be achieved *Social Justice Ireland* believes that Government should:

- Invest in the retention of young graduates and programmes to assimilate skills obtained while abroad.
- Fully implement the recommendations of the Commission for the Elimination of Racial Discrimination within a reasonable timeframe.

- Fully implement the recommendations of the 2019 Trafficking in Persons Report.
- Reinstatement of funding for Traveller-specific initiatives and implementation of the recommendations of the Seanad Public Consultation Committee published in January 2020.
- Adequately resource the Public Participation Network (PPN) structures for participation at Local Authority level and ensure capacity building is an integral part of the process.
- Promote deliberative democracy and a process of inclusive social dialogue to ensure there is real and effective monitoring and impact assessment of policy development and implementation using an evidence-based approach at local and national level.
- Implement the Sustainable, Inclusive and Empowered Communities Strategy.
- Resource an initiative to identify how a real participative civil society debate could be developed and maintained.

## 10.1 Key Evidence

### People

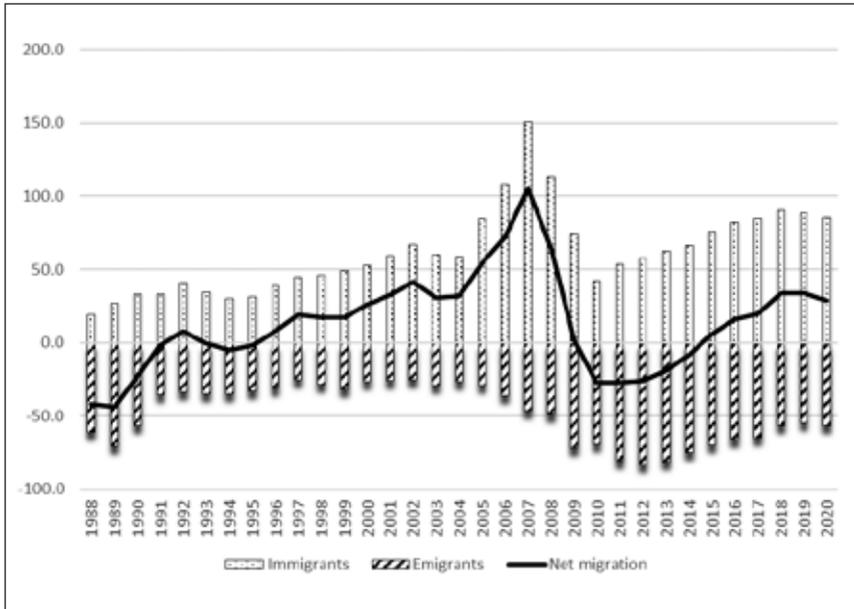
According to the CSO, in a paper presented at the *Social Justice Ireland* Social Policy Conference 2019, Irish society has changed significantly in the last 50 years, becoming more urbanised and increasingly well educated, particularly women. Fertility rates are declining and the age at which women are having their first child has increased from 24.9 in 1980 to 31 in 2017. Life expectancy, on the other hand, has increased with male life expectancy reaching 79.3 years in 2015 and female life expectancy reaching 83.3 years that year (Hegarty, 2019).

This reduction in fertility levels and increased life expectancy means that Ireland's population, while still relatively young, is getting older. The average age of the population is now 37.4, an increase of 6.3 years since 1981. The population is also becoming more diverse, with an estimated 3.4 per cent of the population (168,700 people) with a stated nationality as being from outside of the EU.

### *Emigration and Immigration*

Net migration into Ireland was positive in April 2020, continuing a pattern which has been in place since 2015. This means that more people have entered the country than are leaving it. Analysing migration trends over the past 30 years, we see a relatively high rate of emigration in 1988 and 1989, at a time of recession, which decreased slowly over the next 10 years. In the 2000s, emigration patterns were a little more erratic prior to the recession in 2008, which saw an increase from 49,200 in 2008 to 72,000 the following year (Chart 10.1). Immigration to Ireland peaked in 2007, where 151,100 people came into the country, 37,600 more than the following year.

**Chart 10.1:** Immigration, Emigration and Net Migration, ,000 people, 1988-2020



**Source:** CSO, Population and Migration Estimates April 2020, Table 1.

**Note:** Figures for 2016 taken from Census 2016; Figures for 2017, 2018, 2019 and 2020 are preliminary

Following a period of decline from 2012 to 2018, with only 2019 seeing an increase, emigration of Irish nationals decreased again slightly in 2020 (from 29,000 in 2019 to 28,300 in 2020) (CSO, 2020a). While there was a slight decrease in Irish nationals returning in 2017, 2020 saw a return to 2016 levels of immigration with 28,900 Irish emigrants returning (CSO, 2020a). The recent years of decreasing emigration and increasing immigration indicated a renewed confidence in Ireland’s economic prospects, however given the issues with housing, health and the cost of living, explored elsewhere in this book, we will need to continue to monitor migration trends. The Covid-19 pandemic has affected movement internationally and the long-term impacts on migration are yet to be fully realised.

In terms of nationality, almost one in four (24.1 per cent) of total immigrants to Ireland in 2020 had a nationality from within the EU (excluding Ireland and the UK), 6.4 per cent were UK nationals and 35.6 per cent had a nationality from within the rest of the world (CSO, 2020a) (Table 10.1).

**Table 10.1:** Estimated Migration by Nationality, 2017 – 20, by '000

Year		Irish	UK	Rest of EU 15	EU16-28	Rest of World	Total
2017	Immigration	27.4	6.1	10.8	10.9	29.4	84.6
	Emigration	-30.8	-4.0	-6.7	-9.6	-13.7	-64.8
	Net	-3.4	2.1	4.1	1.3	15.7	19.8
2018	Immigration	28.4	7.3	11.6	12.2	30.9	90.3
	Emigration	-28.3	-4.1	-6.8	-7.1	-10.0	-56.3
	Net	0.1	3.2	4.8	5.0	20.8	34.0
2019	Immigration	26.9	7.4	12.6	11.1	30.6	88.6
	Emigration	-29.0	-3.2	-4.5	-7.0	-11.2	-54.9
	Net	-2.1	4.3	8.0	4.1	19.4	33.7
2020	Immigration	28.9	5.5	9.2	11.4	30.4	85.4
	Emigration	-28.3	-2.5	-5.2	-9.2	-11.4	-56.5
	Net	0.5	3.0	4.1	2.2	19	28.9

**Source:** Extracted from CSO Population and Migration Estimates, April 2020, Table 2

**Notes:** Data relates to the year to April

'Rest of EU' refers to Pre 2004 EU members less UK and Ireland.

'EU16-28' refers to EU Members that joined after 2004

The numbers of migrants with a third level education continued to rise in 2020. Of those immigrating to Ireland, both the number (from 28,200 in 2012 to 56,900 in 2020) and proportion (56 per cent in 2012 to 73 per cent of all immigrants in 2020) with a third level education has increased. Migrants tend to be younger than the general population with approximately half of both immigrants and emigrants in 2020 aged between 25 and 44. People aged over 65 continued to be the least likely to migrate (CSO, 2020a).

The number of emigrants with a third level education increased from 26,500 in 2018 to 28,300 in 2019, dropping in 2020 to 26,300, as may be expected. As a proportion of all emigrants, this represents 53 per of the total. Of those who left

Ireland in 2020, 58.9 per cent of those who left Ireland were employed (a slight decrease in both the number, from 29,700 to 28,600 and proportion, from 60 per cent, of all emigrants on the previous year). A further 27.9 per cent were students, an increase of over six percentage points on 2019 figures. The proportion of emigrants who are unemployed has been in decline since 2012, reflecting the decrease in unemployment generally since then. Between 2019 and 2020, the number of unemployed people emigrating has dropped from 3,200 to 3,000. The lack of affordable housing, affordable childcare and other services is likely a contributing factor to the increase in employed emigrants from this country. If we are to retain our skilled workforce, we need to take a broader approach to retention that takes a whole of life-cycle approach.

In light of higher educational attainment levels of immigrants into Ireland, and the increasing number of Irish people returning to this country, there is a need for a skills transfer programme for returning migrants in order to ensure the skills that they have acquired whilst working abroad are recognised in Ireland. This is something that *Social Justice Ireland* has advocated for previously. Given the investment made in the education of young graduates, it is essential that steps are taken to retain them and their expertise within Ireland, and to attract back those who have emigrated in recent years. Of course, this is coupled with the need to provide both decent work and infrastructure to support increasing numbers of immigrants who will need to be housed and whose healthcare and childcare needs must be accommodated, as set out in *Social Justice Ireland's* Social Contract Framework outlined in Chapter 2.

For many migrants, immigration is not temporary. They will remain in Ireland and make it their home. In turn, Irish people are experiencing life in different cultural contexts around the world. Ireland is now a multi-racial and multi-cultural country and Government policies should promote and encourage the development of an inclusive and integrated society with respect for, and recognition of, diverse cultures.

### ***Ireland as a multicultural society***

Integration is defined in current Irish policy as the ‘ability to participate to the extent that a person needs and wishes in all of the major components of society without having to relinquish his or her own cultural identity’ (Department of Justice and Equality, 2017). For the 12.7 per cent of the population who are non-Irish nationals, achieving real integration requires concerted policy responses aimed at supporting education, job activation, tackling hate speech and racism and supporting cultural awareness.

According to Census 2016, there was a total of 535,475 non-Irish nationals – representing 200 different nations - living in Ireland on Census night (CSO, 2017a). The main nationalities were Polish (23 per cent) and UK (19 per cent). Other nationalities with over 10,000 residents included USA, Brazil, France, Germany, India, Latvia, Lithuania, Romania and Spain. Non Irish nationals have a very

different age profile to the rest of the population with half aged between 25 and 42 compared with a quarter of the Irish population. There are proportionately fewer children under 14 (12.3 per cent versus 22.5 per cent), and older people (4 per cent versus 13 per cent) among non-Irish nationals. The unemployment rate among non-Irish nationals was 15.4 per cent, compared with a rate of 12.6 per cent among the Irish population.

Census 2016 also asked people to identify their ethnicity and cultural background. 681,016 people identify themselves as other than “White Irish”, of whom 234,289 identify as Black, Asian or other people of colour (Table 10.2). The period between 2011 and 2016 also showed a 3 per cent reduction in people from traditional Christian religions, an increase of 74 per cent in those with no religion and a growth in other religions with 63,400 Muslims (+29 per cent), 62,200 Orthodox (+37 per cent) and 34,100 Hindus (+34 per cent).

**Table 10.2:** Ethnic and cultural background of usual residents of Ireland 2011-2016

Category	2011	2016	% Change
White Irish	3,821,995	3,854,226	0.8
Irish Travellers	29,495	30,987	5.1
Other White	412,975	446,727	8.2
Black Irish or Black African	58,697	57,850	-1.4
Other Black	6,381	6,789	6.4
Chinese	17,832	19,447	9.1
Other Asian	66,858	79,273	18.6
Other	40,724	70,603	73.4
Not Stated	70,324	124,019	76.4
Total	4,525,281	4,689,921	3.6

Source: CSO, Census 2016.

In July 2018, the ESRI published a study on barriers to social inclusion (McGuinness, et al., 2018) of which belonging to an ethnic minority was one (where ‘ethnic minority’ included members of the Traveller community, Roma, refugees and asylum seekers). Because of the age profile of immigrants, discussed earlier in this Chapter, there is a strong correlation between the barrier of ethnic minority and those Not in Employment, Education or Training (NEETs). It is also reported as being more heavily associated with lower educational attainment, living in an urban location and being short-term unemployed (McGuinness, et al., 2018,

p. 30). However, it is because of this younger age profile that there are greater opportunities to address issues of social inclusion and to develop supports and programmes for greater integration and inclusion, including training and job activation programmes targeted at ethnic minorities.

### ***Racism in Ireland***

According to the European Commission against Racism and Intolerance fifth Report on Ireland (European Commission against Racism and Intolerance, 2019) while Ireland has made some progress to tackle racism in recent years, there is still more to be done, particularly in areas of hate speech and hate crimes; ethnic profiling; gender identity; supporting the needs of Travellers, particularly when it comes to accommodation; and supporting asylum seeker applications to be processed more efficiently and tackling specific areas of discrimination in Direct Provision.

In 2019, Ireland appeared before the United Nations Committee on the Elimination of Racial Discrimination (UNCERD). In its combined 5<sup>th</sup> to 9<sup>th</sup> Report, the Government cited the policies implemented since the previous UNCERD report including the establishment of the Irish Human Rights and Equality Commission (IHREC) in 2014; the statement on Traveller ethnicity in 2017; the establishment of the National Traveller and Roma Inclusion Strategy and so on to demonstrate how Ireland is engaging with the problem of racial discrimination (Government of Ireland, 2019). However, two shadow reports, one from the Irish Network Against Racism (INAR) and the other from IHREC paint a very different picture.

The INAR Shadow Report (Irish Network Against Racism, 2019), which gives what it calls a “collective civil society perspective”, reviewed the implementation of the 37 CERD recommendations made in 2011 and found that 19 were not implemented at all as of 01 October 2019; 17 were partially implemented; and 1 – the Criminal Justice (Female Genital Mutilation) Bill, was fully implemented. In particular, it points out four areas on which some progress was made, however this progress was either insufficient (improved living conditions for asylum seekers; development of action plans and other measures to implement the Durban Declaration and Programme of Action; undertake and publicise appropriate programme of activities to commemorate the International Decade for People of African Descent; and consultation with civil society organisations engaged in combating racial discrimination) and/or inappropriate (improved living conditions for asylum seekers; and development of action plans and other measures to implement the Durban Declaration and Programme of Action).

In its Submission to the United Nations Human Rights Committee on the List of Issues for the Fifth Periodic Examination of Ireland, the IHREC provides the UN Human Rights Committee with updates ahead of its preparation of the List of Issues for Ireland. Published in August 2020, many of the issues addressed are concerned with discrimination (Irish Human Rights and Equality Commission, 2020).

The IHREC recommend that the Committee ask the State what measures it intends to undertake to collect disaggregated data to better ensure that rights are respected and upheld and as a protection against discrimination. They view this as particularly important considering the impact of the Covid-19 pandemic to better understand if public health, policing and economic measures impacted different groups in different ways and why. They also recommend the Committee ask the State for progress on the review of the Incitement to Hatred Act 2019, to provide information on the policy and regulatory measures that govern the use of hate speech and to provide a proposed timeframe for the drafting and scrutiny of the Online Safety and Media Regulation Bill in order to address online discrimination and hate speech. The submission notes that in previous Commission studies on discrimination in Ireland, when compared to ‘White Irish’ respondents, ‘Black’ respondents are almost three times as likely to experience discrimination when accessing public services and almost five times more likely to experience discrimination in private services such as shops, banks and housing.<sup>1</sup> Black people of nationalities other than Irish are five times more likely to experience discrimination when in the workplace.<sup>2</sup> IHREC calls for the establishment of a full Oireachtas Committee on Human Rights, Equality and Diversity; that Government honour the commitment to publish a National Action Plan against Racism; and to the development and implementation of a new Migrant Integration Strategy (Irish Human Rights and Equality Commission, 2020, p. 26).

In its Conclusions in 2019, the UN Committee on the Elimination of Racial Discrimination acknowledged the steps taken by Ireland since the previous review in 2011, however it also contained a series of 22 specific Concerns and Recommendations as follows (United Nations Human Rights Office of the High Commissioner, Committee on the Elimination of Racial Discrimination, 2019):

1. The development of robust metrics and statistics collection methods;
2. The incorporation of the Convention into domestic law;
3. The removal of the State’s reservation on Article 4 of the Convention (condemnation of racial discrimination and slurs and groups engaged in associated activities);
4. The revision of the Equal Status Acts and Employment Equality Acts to specifically provide reference to racial discrimination as set out in the Convention;
5. The closing of any protection gaps, the expansion of the remit of IHREC and the full implementation of the Migrant Integration Strategy 2017-2020;

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<sup>1</sup> <https://www.ihrec.ie/app/uploads/2017/11/Who-experiences-discrimination-in-Ireland-Report.pdf>

<sup>2</sup> <https://www.ihrec.ie/app/uploads/2018/12/Ethnicity-and-Nationality-in-the-labour-market-20122018.pdf>

6. The introduction of legislation against racial profiling, and associated supports, and the full implementation of the Garda Diversity and Integration Strategy 2019-2021;
7. The conducting of a full investigation into Mother and Baby Homes and the implementation of the recommendations of the Committee of Investigation;
8. The strengthening of legislation on racist hate speech, including online hate speech;
9. The introduction of legislation that includes racist motivation as an aggravating factor, and associated supports, including judicial training;
10. Expediting the Decade for People of African Descent and taking measures to support the inclusion and integration of people of African Descent;
11. The review of housing legislation, with particular focus on how current legislation discriminates against Traveller and Roma people;
12. The promotion and support for education of children belonging to minority groups;
13. The introduction of legislation recognising Travellers as a minority group;
14. The adoption of targets associated with the economic, social and cultural rights of Traveller and Roma people;
15. Expediting the asylum application process to ensure that decisions take no more than six months, introducing a comprehensive vulnerability assessment; and removing barriers to work;
16. The creation of an alternative reception model (to Direct Provision) and the phasing out of the Direct Provision system;
17. The provision of specific supports to victims of domestic violence, and gender-based violence, from minority groups;
18. The improvement of efforts to prevent human trafficking and to protection victims of human trafficking;
19. The extension of Legal Aid to the areas of law which are particularly relevant to Travellers and other ethnic minority groups;
20. The implementation of protections against discrimination in licensed premises currently set out in the Equal Status Acts;
21. The implementation of the National Action Plan on Business and Human Rights and the consideration of stopping the purchasing of coal from the Cerrejón mine for the Moneypoint Power Station in Clare;
22. The strengthening of human rights training for public officials and Gardai.

In addition to these specific Recommendations, the Committee also recommended the ratification of other Treaties; the ratification of the amendment to Article 8 of the

Convention (which dealt with the expenses of the Committee in the performance of their duties); giving effect to the Durban Declaration and Programme of Action; greater consultation with civil society organisations engaged in human rights work; and making the Government's documentation publicly available.

The consequences of racism are very serious, increasing fear and insecurity. The European Network Against Racism (European Network against Racism (Ireland), 2018) noted that "Racism has a demonstrable impact on the lives of those targeted.... there is psychological impact, ... impact on their social connectedness, and economic impacts through for example increased costs or lost income." This is unacceptable in a society that prides itself on its open and accepting character. But racism is not only socially damaging, it is also harmful to the economy. As Ireland seeks to attract FDI and is sourcing workers from all over the world to meet skills shortages, it is imperative that racism in all areas is definitively addressed.

*Social Justice Ireland* welcomed the recommendations of the CERD and the commitments made in the Programme for Government (Government of Ireland, 2020) and we now urge Government to continue to fulfil these commitments.

### ***Travellers***

There were 30,897 Irish Travellers in 2016, an increase of 5 per cent from 2011 (CSO, 2017b). Notwithstanding the statement of recognition of Travellers as an ethnic minority, Travellers continue to face discrimination in education, employment and accommodation, with a widening gap in health over the life course (Watson, et al., 2017).

In September 2019, the first meeting of the Oireachtas Joint Committee on Key Issues Affecting the Traveller Community was held. Thus far, this Committee has concentrated on the Mental and Physical Health, Education and Employment. The Committee has heard from civil society organisations, education centres, State bodies and Government Departments on each of these areas. The report from Committee was expected to be published in March 2020, however the Committee was ceased with the dissolution of the 32<sup>rd</sup> Dáil on the 14<sup>th</sup> January 2020.

The report of the Seanad Public Consultation Committee on Travellers, *Towards a More Equitable Ireland Post-Recognition*, was published in January 2020 (Seanad Public Consultation Committee, 2020). This Committee focused on two themes – Traveller Participation and Politics and Dialogue and Social Inclusion and made a series of 25 recommendations to address persistent and pervasive inequalities and allow Travellers to have a say in the decisions which affect their lives. *Social Justice Ireland* supports these recommendations and calls on the Government to implement the commitments made in the Programme for Government on foot of them.

According to the 2016 Census, education levels amongst Travellers remain low, with 62 per cent having primary education or less, 13 per cent having completed

second level and only one per cent having a college degree. Eighty per cent of Travellers reported as being unemployed, compared with 13 per cent for non-Travellers. Watson, et al., 2017 suggest that much of this is directly related to low levels of education. Traveller health is also poor with 19 per cent categorised as having a disability compared to 13.5 per cent of the general population. The suicide rate amongst Traveller men is almost seven times higher than in the general population, and this is an indicator of a serious mental health issues in the Traveller Community. Overall life expectancy for Travellers is low with only 7.5 per cent of Travellers aged over 54 years compared with 23 per cent of the overall population.

Housing continues to be problematic for Travellers with Census 2016 figures showing that 39 per cent of Traveller accommodation was overcrowded compared with 6 per cent for all households. In contrast to previous trends, the number of caravans being used increased by 10 per cent between 2011 and 2016. 517 Travellers (1.7 per cent) were recorded as homeless on Census night 2016 compared with 0.1 per cent of the overall population.

A recent study published by the Community Law and Mediation (CLM) found that access to loans and loan amounts as part of the Caravan Loan scheme were inconsistent across local authorities and when available, were often too low in value to allow for the purchase of a quality caravan or to make adequate repairs, leading to substandard caravan conditions and many high -occupancy Traveller households living in unsafe year-round homes (Community Law and Mediation, 2019).

The Covid-19 pandemic appears to have been the catalyst for 2020 being the first year in six years that the full Traveller accommodation allocation was drawn down by Local Authorities.<sup>3</sup> The allocation for 2020 had been €14.5 million and almost €15 million was spent by the year end. In 2019, there was an underspend of €4.4 million in this area with only €8.6 million spent from an allocation of €13 million. A total of ten Local Authorities spent nothing on Traveller accommodation in 2019. Given years of underspending, and a pandemic the consequences of which will continue to be felt for years to come, the 2021 allocation must be ringfenced to implement the actions deemed necessary by the Traveller Accommodation Expert Review are implemented.<sup>4</sup> It should not take another pandemic before the basic human rights of Travellers are met.

Much has been accomplished in recognising the ethnicity and uniqueness of the nomadic nature of the Traveller community and policy could be better shaped to recognise and support this. Housing legislation provides for the provision of social housing in the form of fixed dwellings. Traveller specific provision is limited to the Caravan loan scheme, halting sites and group housing schemes. There is no equal

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<sup>3</sup> <https://www.irishtimes.com/news/social-affairs/almost-15m-spent-on-traveller-housing-the-largest-annual-spend-in-decades-1.4444019>

<sup>4</sup> <https://www.paveepoint.ie/wp-content/uploads/2019/07/Expert-Review-Group-Traveller-Accommodation.pdf>

mechanism for local authorities to support Travellers to preserve their identity and culture by renting a caravan to a Traveller household on the same basis that a council house is rented to a settled family.

The National Traveller and Roma Inclusion Strategy (Department of Justice and Equality, 2017b) was published in 2017. This lists 149 actions across Government under the headings of cultural identity, education, employment, children and youth, health, gender equality, anti-discrimination, accommodation and access to public services. Traveller services were disproportionately hit during the austerity programme, and that reversing the impact of those cuts will require concerted action (Pavee Point, 2013). The INAR Report to CERD (Irish Network Against Racism, 2019) clearly indicated that the pace of progress of this Strategy was inadequate. In light of the levels of discrimination faced by members of the Traveller community, more urgent action is needed to protect and support Traveller people. *Social Justice Ireland* calls for the full implementation of the new Strategy, in particular in the critical areas of education and accommodation.

### Migrant Workers

After a significant fall from 2006 and for the duration of the Recession, the numbers of non-Irish nationals in employment has begun to increase, and from 2018 has surpassed pre-Recession levels (Table 10.3).

**Table 10.3:** Estimated number of persons ('000s) aged 15 years and over in employment and classified by nationality Q3 2010- 2020, by '000

Year	2010	2014	2018	2019	2020
Irish	1,653.2	1,725.6	1,905.2	1,939.8	1,911.5
Non-Irish	277.4	283.4	368.0	387.0	383.7
Including					
UK	50.3	46.7	55.8	57.0	60.4
EU15 excluding Irish and UK	30.0	37.2	55.2	60.2	61.7
EU15 to EU28 states	125.0	142.6	166.7	169.3	155.5
Other	71.9	56.9	90.3	100.5	106.2
Total	1,930.6	2,008.9	2,273.2	2,326.9	2,295.2

**Source:** CSO Labour Force Survey SeriesPxStat 2010-2020, QLF26.

**Note:** All data for Q3 of year

Census 2016 reports that 342,000 people in the work force were non-Irish nationals, with the four leading origins being the UK, Poland, Lithuania and Romania. Forty-two percent of all non-Irish national workers were employed in four main sectors, namely Wholesale and Retail Trade (45,812), Accommodation and Food Services (40,859), Manufacturing Industries (36,387) and Human Health and Social Work (21,779). In terms of socio-economic groupings, nearly half (47 per cent) were classified in non-manual, manual skilled, semi-skilled or unskilled occupations, compared with 39 per cent of Irish nationals. This is at variance with the high educational qualifications of immigrants, indicating that many are employed below their skill level. There is a need to accelerate the appropriate recognition of qualifications gained in other countries, so that migrants can work in their fields of expertise. Non-EEA nationals require a work permit to take up employment in Ireland in sectors where there is a skills shortage. In 2020, 16,400 permits were issued, 956 were refused and a further 660 were withdrawn (Department of Business, Enterprise and Innovation, 2020).

There has been criticism of Irish immigration policy and legislation specifically due to the lack of support for the integration of immigrants and a lack of adequate recognition of the permanency of immigration. In June 2019, the ESRI published a report on a study of the labour market integration of non-EU nationals in Ireland (Arnold, et al., 2019). This Report, based on an EU-wide study, looked at the policies and practices aimed at labour market integration of non-EU migrants and found that poor recognition of qualifications and lack of targeted measures to develop skills are key challenges for migrants' integration.

The Migrant Rights Centre of Ireland estimates that there are between 20,000 and 26,000 undocumented migrants living and working in Ireland.<sup>5</sup> Without credentials those who are working are denied access to basic services and vulnerable to exploitation by employers. In October 2018, the Government announced a new scheme, the Special Scheme, to regularise undocumented people who came to Ireland as students between 2005 and 2010. In welcoming this scheme, the Immigrant Council of Ireland also cautioned that its conditions, and the requirement to pay fees in the region of €1,000 may prove prohibitive.<sup>6</sup>

### ***Human Trafficking***

The second report on Ireland's performance on implementing the Council of Europe Convention on Action against Trafficking in Human Beings (GRETA, 2017), confirms that trafficking is on the increase in Ireland, mainly for sexual and labour exploitation. It suggests that there is a mismatch between the demand for workers and legal migration options for those workers which can create the conditions for trafficking. They note a high number of undocumented migrants working in personal care, hospitality, fisheries, agriculture (including illegal activities such

<sup>5</sup> [www.mrci.ie/our-work/justice-for-undocumented](http://www.mrci.ie/our-work/justice-for-undocumented)

<sup>6</sup> <https://www.immigrantcouncil.ie/news/more-compassion-needed-new-immigration-regularisation-scheme>

as cannabis grow houses). While all these individuals may not have specifically been trafficked into Ireland, their precarious employment conditions put them at a serious disadvantage and restrict their choices. In 2019, 42 suspected trafficking victims were identified, 38 of these were women and three quarters of them were trafficked for sexual exploitation.<sup>7</sup>

The Programme for Government (2020) makes a commitment to enact legislation that encompasses both UN and EU measures and protocols to combat the smuggling and trafficking of migrants. The Department of Justice and Equality committed in June of 2020 to study the recommendations contained in the Trafficking in Persons Report 2020 (Department of State, United States of America, 2020) and state that ending the crime of human trafficking is a priority for the country.<sup>8</sup> The Human Trafficking investigation and Coordination Unit has been established with the Garda Síochána. As of June 2020, there were approximately 80 ongoing criminal investigations with regard to trafficking of persons with no direct convictions for the offence of trafficking but successful ones for associated charges.<sup>9</sup>

As part of the Department of Justice and Equality commitment, a number of initiatives are planned or are due to begin in the near future; under Article 19 of the EU Human Trafficking Directive, legislation is currently being drafted that will designate the IRHEC as Ireland's independent National Rapporteur for Anti-Human Trafficking, legislation is also being drafted to strengthen the framework of penalties, a review is to take place of the Criminal Justice (Sexual Offences) Act 2017, ongoing engagements with NGOs to identify ways of providing suitable accommodation to victims of trafficking and the establishment of a forum for stakeholders and victims.

*Social Justice Ireland* welcomes these recommendations and urges Government to act on them.

## **Asylum Seekers and Direct Provision**

### *Asylum Seekers*

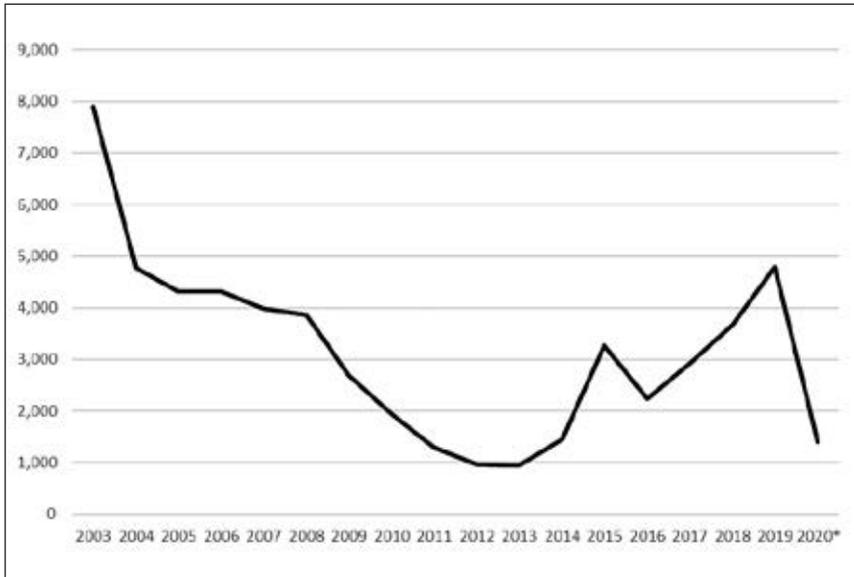
Asylum seekers are defined as those who come to Ireland seeking permission to live in Ireland because there are substantial grounds for believing that they would face a real risk of suffering serious harm if returned to their country of origin. In contrast to programme refugees, asylum seekers must have their immigration status defined when they arrive. Chart 10.2 shows the number of applications for International Protection made to Ireland between 2003 and 2020 (up to November 2020).

<sup>7</sup> <https://www.immigrantcouncil.ie/campaign/ending-human-trafficking>

<sup>8</sup> <https://www.gov.ie/en/press-release/4d124-statement-in-relation-to-the-trafficking-in-persons-report-2020/>

<sup>9</sup> <http://ilas.justice.ie/en/JELR/Pages/PR20000130>

**Chart 10.2:** Applications for International Protection, 2003 to 2020\*



**Source:** International Protection Office, Monthly Statistical Report, various years

**Note:** Data for 2020 refers to up to November 2020

Between January and November 2020, there were 1,406 applications for International Protection received to Ireland’s International Protection Office. This represents a dramatic decrease of 68 per cent on the same period in 2019. This has reversed a trend of increases 2019 was 39 per cent up on 2018 and 2018 numbers were 81 per cent up on 2017 and is a likely consequence of restrictions on travel as a result of the Covid-19 pandemic.

The International Protection Act 2015 changed the application process, combining refugee and subsidiary protection applications. The waiting time for decisions is still approximately 15 months (Irish Human Rights and Equality Commission, 2020). The International Protection Appeals Tribunal in 2019 found that an appeal of a first instance International Protection Office decision took approximately eight months to complete.<sup>10</sup> The Committee on the Elimination of Racial Discrimination recommends that a decision should be delivered within six months.<sup>11</sup> The IHREC, in its submission to the UN human Rights Committee echoes the call for a first instance decision to be made within six months and asks the State what steps are

<sup>10</sup> [http://www.protectionappeals.ie/website/rat/ratweb.nsf/page/MXKY-BPHHZE14381411-en/\\$File/IPAT%20Annual%20Report%202019.pdf](http://www.protectionappeals.ie/website/rat/ratweb.nsf/page/MXKY-BPHHZE14381411-en/$File/IPAT%20Annual%20Report%202019.pdf)

<sup>11</sup> [https://tbinternet.ohchr.org/Treaties/CERD/Shared%20Documents/IRL/INT\\_CERD\\_COC\\_IRL\\_40806\\_E.pdf](https://tbinternet.ohchr.org/Treaties/CERD/Shared%20Documents/IRL/INT_CERD_COC_IRL_40806_E.pdf)

being made to work towards this goal. The Report of the Advisory Group on the Provision of Support including Accommodation to persons in the International Protection Process (The Day Report) also recommends that first instance decisions are to be made within six months (Department of Justice and Equality, 2020).

According to the Immigration in Ireland Annual Review 2018 (Department of Justice and Equality, 2019), 5,028 people were deported or otherwise removed from the State in 2019, an increase of 27 per cent on 2017 and 87 per cent on 2014. Of these, 95 per cent are refused at point of entry into the country. A further 163 people were deported having lived in Ireland illegally or had an application for International Protection denied.

*Social Justice Ireland* calls for the recommendations from these Reports to be implemented.

### ***Direct Provision***

In May 2020, there were 7,700 people living in the Direct Provision system, most in main centres and some in emergency accommodation due to the impact of the Covid-19 pandemic, totalling 84 separate locations.<sup>12</sup>

Under Direct Provision as operated in almost all of these centres, asylum-seekers receive accommodation and board, together with a weekly allowance. The system has been in place for 20 years and has come in for criticism from a number of Oireachtas Committee and independent reports, from the people directly living in the system and by both international and national human rights organisations.

The Report of the Advisory Group on the provision of support including Accommodation to persons in the International Protection Process (The Day Report) (Department of Justice and Equality, 2020) notes two important events that took place whilst the report was being written in 2020. The first was the commitment in Programme for Government 2020 to end the system of Direct Provision and to publish a White Paper by the end of 2020. That White Paper was published on the 26<sup>th</sup> February 2021 and sets out Government policy to replace the Direct Provision system and establish a new International Protection Support Service over the next four years which would ideally be expedited. (Department of Children, Equality, Disability, Integration and Youth , 2021) This new system will support those applying for protection to integrate in Ireland from day one with health, education, housing and employment supports. This new system will have applicants stay in a new Reception and Integration Centre for no more than four months. These centres will be delivered on behalf of the State by non-profit organisations. Applicants will receive language and employment activation supports during this initial orientation period. After the first four months, anyone with a claim still in progress will move to accommodation within the community,

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<sup>12</sup> <https://irishrefugeecouncil.eu.rit.org.uk/Handlers/Download.ashx?IDMF=419a9b2f-c405-4cc8-93c7-c27a618beb07>

families with own door and single people will have own room accommodation. Other supports such as access to legal aid and assistance, access to work, education and training, access to driving licences and bank accounts are provided for which are all welcome steps.

The second event was the Covid-19 pandemic which, the Report concluded, highlighted that the Direct Provision centres were unsuitable for large groups of people for long periods of time. The Report focused on timelines, how long applicants spend in the protection process and the types of supports and accommodation applicants receive whilst awaiting a decision. The Day Report recommends a time limited system that will deliver decisions faster and makes proposals to bring about an end to the current system of accommodation provision. The Report proposes that applicants move quickly to own door accommodation within local communities. There is an acknowledgment that sourcing accommodation will be a challenge in light of the current lack of availability of social housing and the high demand for affordable private rental accommodation. However, the Report recommends that the new system be fully in place by 2023 by way of interim changes, requiring a whole of Government response (Department of Justice and Equality, 2020).

The aforementioned Submission to the United Nations Human Rights Committee on the List of Issues for the Fifth Periodic Examination of Ireland (Irish Human Rights and Equality Commission, 2020) notes that lengthy stays in Direct Provision accommodation is not conducive to a family life. The centres tend to be apart from communities, leading to isolation and a lack of access to amenities and activities. All this has an adverse impact on both the physical and mental health of the persons within the system. The Submission recommends the UNHRC ask the state how it can ensure that human rights and equality are at the centre of any alternative model of reception and accommodation provision (Irish Human Rights and Equality Commission, 2020).

Two reports highlighting the difficulties being faced by those living in Direct Provision during the pandemic come from the Irish Refugee Council, 'Powerless' Experiences of Direct Provision During the Covid-19 Pandemic' and from the Ombudsman for Children's Office, 'Life in Lockdown: Children's views and experiences of living in Direct Provision during the Covid-19 pandemic'. Both Reports tell of the fear and worry experienced by respondents who felt unsafe due to the inability to socially distance themselves from others. Many worried about their families and their own physical and mental health. They also experienced isolation as schools and workplaces closed. The majority did state they had access to sanitisers and were being kept fully informed by staff in the centres, however this does not go far enough.

Based on the recommendations of all these Reports, there is a clear, demonstrated, need to overhaul the system of Direct Provision and to provide asylum seekers with a standard of living that affords dignity, safety, and independence. National Government, through developing, funding and implementing new policies on

Direct Provision has a significant role to play, but so too does local Government. The White Paper (Department of Children, Equality, Disability, Integration and Youth, 2021, p. 122) published in February states “the need for a whole of Government approach to the issue, as well as the active engagement of Local Authorities, particularly with respect to meeting the housing needs of applicants”.

### *Participation*

Ensuring that people are involved in making the decisions that affect them and their communities is a key element of real democracy. True involvement requires participation that goes beyond voting (representative democracy). By definition, such a deliberative democracy approach requires a leaving aside of power differentials and making a specific effort to ensure that the voices and views of people who are not traditionally influential are heard and taken into account (Coote, 2011; Healy & Reynolds, 2011; Elster, 1998),

Although Government has engaged with members of civil society on specific issues as part of the Constitutional Convention<sup>13</sup>, and the Citizens Assembly<sup>14</sup> such initiatives are extremely limited.

People want to be more involved and to participate in debates concerning policies, particularly those that directly affect them. The extensive use of social media as a forum for discussion and debate indicates a capacity to question the best use of State resources to develop a just and fair society. What that society might look like may change depending on the individual and their ideology, but there is certainly appetite for debate. It is crucially important for our democracy that people feel engaged in this process and all voices are heard in a constructive way. There are many ways in which this can be done through both technology and personal engagement. It is imperative that groups with power, recognise, engage with, and develop partnerships with people to co-create services and policy.

### *A forum for dialogue on civil society issues*

The need for a new forum and structure for discussion of issues on which people disagree is becoming more obvious as political and mass communication systems develop. A civil society forum and the formulation of a new social contract against exclusion has the potential to re-engage people with the democratic process. Our highly centralised government, both in terms of decision-making and financially, means that citizens are represented more by professional politicians than by their local constituency representatives. While there have been some structural improvements, such as an enhanced committee structure, the introduction of Public Participation Networks (PPNs) (discussed later in this Chapter), better success rates for Bills led by the opposition and a budgetary oversight process, much remains to be done before Ireland has a genuinely participative decision-making structure.

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<sup>13</sup> For more information see <https://www.constitution.ie/Convention.aspx>

<sup>14</sup> For more information see <https://www.citizensassembly.ie/en/>

The democratic process would also benefit from the development of a new social contract against exclusion and in favour of a just society. This contract would include a forum for dialogue on civil society issues. Short-term initiatives such as the Presidents Ethics Initiative,<sup>15</sup> the Constitutional Convention and Citizens Assembly are welcome but need to be mainstreamed and reach all sections of Irish Society. *Social Justice Ireland* welcomed the appointment of a new National Economic and Social Council (NESC), whose role is to advise the Taoiseach on strategic policy issues relating to sustainable economic, social and environmental development. The annual National Economic Dialogue is also a useful model to share the perspectives of civil society, Government and the various sectors of society on key budgetary issues. However, a single event is inadequate. *Social Justice Ireland* recommends that such a National Dialogue takes place more frequently, and that the focus is broadened from the economic to include social and environmental issues.

*Social Justice Ireland* also proposes that Government authorises and resources an initiative to identify how a civil society forum<sup>16</sup> could be developed and maintained and to examine how it might connect to the growing debate at European level around civil society issues. There are many issues such a forum could address including the meaning of citizenship in the 21<sup>st</sup> Century, the shape of the social model Ireland wishes to develop; how to move towards a low carbon sustainable future and so on.

### ***Participation in Local Government - Public Participation Networks (PPNs)***

In 2014, the Local Government Act was amended to introduce Public Participation Networks (PPNs). The PPN recognises the contribution of volunteer-led organisations to local economic, social and environmental capital. It facilitates input by these organisations into local government through a structure that ensures public participation and representation on decision-making committees within local government (Department of Housing, Planning and Local Government, 2017). These PPNs have been established in every local authority area in Ireland. By the end of 2019, over 15,500 community and voluntary, social inclusion and environmental organisations were members of a PPN. More than 920 PPN representatives were elected to over 424 committees on issues such as strategic policy, local community development, joint policing and so on.<sup>17</sup>

Local authorities and PPNs work together collaboratively to support communities and build the capacity of member organisations to engage meaningfully on issues that concern them. PPNs have a significant role in the development and education of their member groups, sharing information, promoting best practice and

<sup>15</sup> For further details see <http://www.president.ie/en/the-president/special-initiatives/ethics>

<sup>16</sup> For a further discussion of this issue see Healy and Reynolds (2003:191-197).

<sup>17</sup> <https://www.gov.ie/en/collection/2c4a7a-public-participation-network-annual-reports/#2019>

facilitating networking. Local authorities also have a vital role to play in facilitating participation through open consultative processes and active engagement. Building real engagement at local level is a developmental process that requires intensive work and investment. Following recommendations from the National Advisory Group for PPNs, *Social Justice Ireland* and others, the PPNs received an increase in resources in 2018 and 2019 to recruit a Support Worker to support better engagement in communities and ensure that the PPN can place itself as both an information 'hub' and advocate for policy within their area.

Public Participation Networks provide an opportunity for real engagement between local people and the local authorities across the country on issues that are vital to the future of their communities. This engagement is critical as Ireland strives to implement the Sustainable Development Goals and well-being at a local and regional level. *Social Justice Ireland* recommends that a dialogue forum be established involving the PPN and the Local Authority in each area to discuss the Statement on Wellbeing that the PPNs are developing for their local areas. This Forum should become an essential part of the ongoing Local Economic and Community Plans processes and of the annual Local Authority Budget process.

### ***Supporting the Community & Voluntary Sector***

Community and Voluntary organisations have a long history of providing services and infrastructure at local and national level. They are engaged in most, if not all, areas of Irish society. They provide huge resources in energy, personnel, finance and commitment that, were it to be sourced on the open market, would come at considerable cost to the State. They have developed flexible approaches and collaborative practices that are responsive and effective in meeting the needs of diverse target groups. There are an estimated 189,000 employees in registered charitable organisations in Ireland. Over half of all registered charities have between one and 20 volunteers, with three per cent having 250 or more. It is estimated that the value of this volunteering work, using the minimum wage, is €648.8 million per year (this increases to €1.5 billion when using the average income) (Indecon, 2018). It is important to note, however, that this report is based on those charities that are required to register with the Charities Regulator, which accounts for approximately 300,536 volunteers. The CSO put the number of volunteers at nearer one million, when sporting, human rights, religious and political organisations are included.

During the recession Government funding for the Community and Voluntary sector reduced dramatically and this has not, as yet, been restored. It is essential that Government appropriately resource this sector into the future and that it remains committed to the principle of providing multi-annual statutory funding. The introduction of the Charities Regulatory Authority, the Governance Code and the Lobbying Register in recent years is intended to foster transparency and improve public trust. However, it is essential that the regulatory requirements are proportional to the size and scope of organisations, and do not create an unmanageable administrative burden which detracts from the core work and deters volunteers from getting involved.

In August 2019, the Department of Rural and Community Development published *Sustainable, Inclusive and Empowered Communities: A Five-Year Strategy to Support the Community and Voluntary Sector in Ireland 2019-2024* (Department of Rural and Community Development, 2019). This Strategy sets out the vision for community and voluntary sector development over the next five years. It contains a series of 11 policy objectives across all stakeholders, from Public Participation Networks to civil society organisations to local and national Governments.

The Community Services Programme works to tackle disadvantage by providing supports to community-based organisations that enables them to deliver social, economic and environmental services, with a particular focus on areas that, by virtue of geographical isolation or social isolation or have too low a level of demand to satisfy market led providers. The groups in receipt of these services may not otherwise have any access.

*Social Justice Ireland* recommends that implementation of the five year Strategy be resourced in a way that recognises the important role of the Community and Voluntary Sector, the local role of the PPNs, and the challenges of community development, and seeks to generate real partnerships between communities and agencies. We further urge Government to publish the Volunteering Strategy which was being developed in tandem with the Strategy and the Social Inclusion Strategy so as to ensure policy coherence across all three strategies.

### ***National Social Dialogue***

Social dialogue is a critically important component of effective decision making in a modern democracy. Government needs to engage all sectors of society to develop policies that will shape the future and to ensure priority is given to well-being and the common good; to address the challenges of markets and their failures; to link rights and responsibilities. Otherwise policy is likely to produce lop-sided outcomes that will benefit those who have access, while excluding others, most notably the vulnerable. If Government wishes the whole of society to take responsibility for producing a more viable future, then it must involve all of society.

The Community and Voluntary Pillar provides a mechanism for social dialogue that should be engaged with by Government across the range of policy issues in which the Pillar's members are deeply involved. All aspects of governance should be characterised by transparency and accountability. Social dialogue contributes to this. We believe governance along these lines can and should be developed in Ireland.

If Ireland is to succeed in addressing the challenges identified it faces, the pathway to doing so must be founded on consensus, must be well-managed, and must be properly evaluated. Reforming governance and widening participation must remain a key goal. An increased recognition of the need to include all stakeholders in the decision-making process is needed. A deliberative decision-making process, involving all stakeholders and founded on reasoned, evidence-based debate is

required. To secure a new Social Contract, participation by various sectors of society is essential. One component of real participation is recognition that everyone should have the right to participate in shaping the society in which they live and the decisions that impact on them. In the 21<sup>st</sup> century this involves more than voting in elections and referenda. Ireland needs real, regular and structured deliberative democracy to ensure that all interest groups and all sectors of society can contribute to the discussion and the decision-making on the kind of society Ireland wishes to build.

In November 2019, the President of Ireland hosted a seminar ‘Rethinking the Role of the State in Fostering a Sustainable and Inclusive Economy’ where he spoke of the need to shift the paradigm away from pure economic thinking to a more inclusive, sustainable approach stating<sup>18</sup>:

The task at hand – to create a sustainable society that is more equal, one in which all work is valued and all jobs are decent and fulfilling, where, as Amartya Sen put it, participation by all citizens without shame is possible, one in which the State plays a key role in improving the quality of life if its citizens – this is not an easy agenda given the current geo-political milieu and Western fixation with neoliberalism. However, work continues, but we must widen our audiences, and the political-economic concept of deliberative democracy provides us with a means with which we may engage and promote such a vision across the citizenries of Europe.

*Social Justice Ireland* supports the President’s call for a more inclusive dialogue towards shaping a more just society.

### ***Key Policy Priorities***

*Social Justice Ireland* believes that the following policy positions should be adopted to improve the lives of all those living in Ireland today:

- Invest in the retention of young graduates and programmes to assimilate skills obtained while abroad.
- Fully implement the recommendations of the Commission for the Elimination of Racial Discrimination within a reasonable timeframe.
- Fully implement the recommendations of the 2019 Trafficking in Persons Report.
- Reinstate funding for Traveller-specific initiatives and implement the recommendations of the Seanad Public Consultation Committee published in January 2020.

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<sup>18</sup> <https://president.ie/en/diary/details/president-hosts-seminar-rethinking-the-role-of-the-state-in-fostering-a-sustainable-and-inclusive-economy/speeches>

- Adequately resource the Public Participation Network (PPN) structures for participation at Local Authority level and ensure capacity building is an integral part of the process.
- Promote deliberative democracy and a process of inclusive social dialogue to ensure there is real and effective monitoring and impact assessment of policy development and implementation using an evidence-based approach at local and national level.
- Implement the Sustainable, Inclusive and Empowered Communities Strategy.
- Resource an initiative to identify how a real participative civil society debate could be developed and maintained.

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## Chapter eleven

# Chapter 11

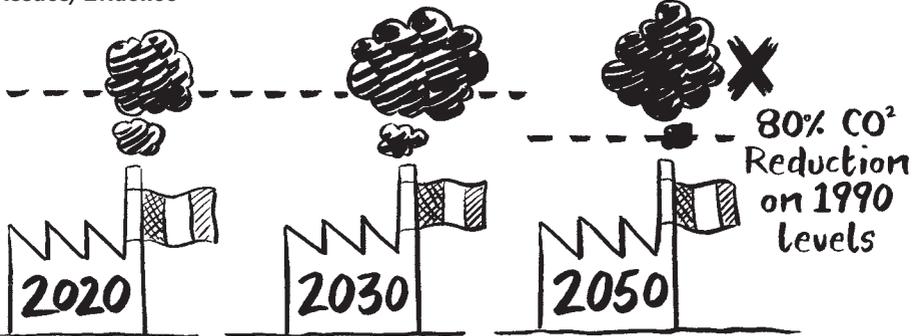
## Sustainability

### Core Policy Objective:

To ensure that all development is socially, economically and environmentally sustainable.



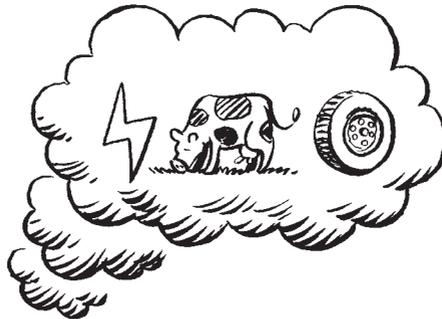
### Key Issues/Evidence



Ireland will not meet our 2020 emissions targets and we are on track to overshoot our 2030 emissions targets.

Ireland is heading in the wrong direction to meet our national 2050 emissions goal.

Ireland's greenhouse gas emissions continue to increase in line with economic and employment growth in the energy industries, agriculture and transport sectors – despite the impact of Covid-19.



Our emissions are dominated by agriculture, transport and energy.

### Lack of policy coherence



Agricultural expansion and economic expansion policies.

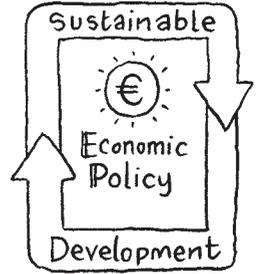
Commitments in the Sustainable Development Goals on climate action and protecting our environment.

## Policy Solutions

Set ambitious emissions reduction targets for 2030 and ensure sufficient resources to support implementation of these targets

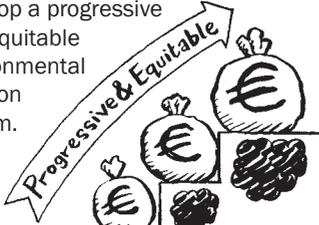


Ensure our climate mitigation plans support implementation of ambitious emissions reduction targets.

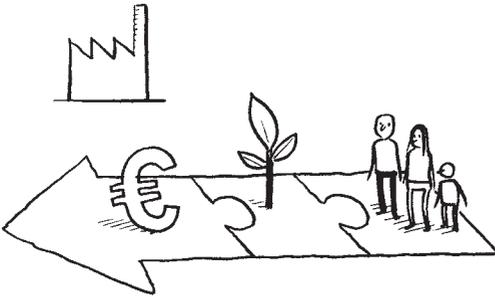
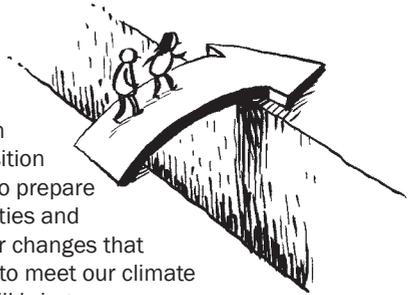


Integrate a Sustainable Development Framework into economic policy.

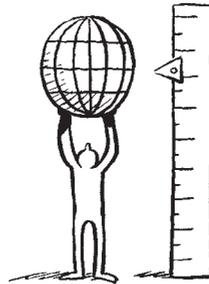
Develop a progressive and equitable environmental taxation system.



Set out a mitigation and transition strategy to prepare communities and people for changes that adapting to meet our climate targets will bring.



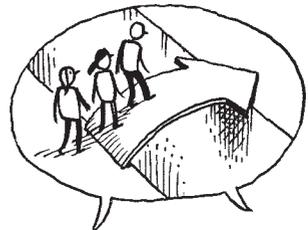
Develop a new National Index of Progress encompassing environmental and social indicators of progress as well as economic ones.



Adopt targets and a reporting system for each of the Sustainable Development Goals.



Implement a circular economy strategy for Ireland.



Develop a Just Transition Dialogue structure at regional and national level.

# 11.

## SUSTAINABILITY

### **Core Policy Objective: SUSTAINABILITY**

To ensure that all development is socially, economically and environmentally sustainable

Sustainable development is defined as ‘development which meets the needs of the present, without compromising the ability of future generations to meet their needs’ (World Commission on Environment and Development, 1987). It encompasses three pillars; environment, society and economy. A sustainable development framework integrates these three pillars in a balanced manner with consideration for the needs of future generations. Maintaining this balance is crucial to the long-term development of a sustainable resource-efficient future for Ireland. While growth and economic competitiveness are important, they should be considered in the context of sustainability, using a framework which gives equal consideration to the environmental, social and economic pillars.

Ireland has signed up to achieve the Sustainable Development Goals (SDGs) by 2030 (United Nations (UN), 2015) and is committed to legally binding climate-based goals in 2020 and 2030 and a national commitment to be carbon neutral by 2050. Government has also committed to a Green New Deal in the Programme for Government. Ensuring development is sustainable socially, economically and environmentally will be key to achieving these targets. It is also crucial to delivering a new Social Contract as outlined in Chapter 2.

To achieve this sustainable development in the years ahead, *Social Justice Ireland* believes that policy should:

- Set ambitious emissions reduction targets for 2030 and ensure sufficient resources to support implementation of these targets;
- Adopt targets and a reporting system for each of the Sustainable Development Goals;
- Integrate a Sustainable Development Framework into economic policy;

- Introduce a strategy for Ireland that includes the principles of the circular economy and cradle-to-cradle development;
- Introduce shadow national accounts, and assign value to natural capital and ecosystems in our national accounting systems;
- Develop a comprehensive mitigation and transition programme to support communities and people in the transition to a low carbon society;
- Develop a progressive and equitable environmental taxation system;
- Develop a new National Index of Progress encompassing environmental and social indicators of progress as well as economic ones;
- Develop a Just Transition Dialogue structure at regional and national level.

## 11.1 Key Evidence

### Global Context

Increased levels of greenhouse gases, such as CO<sub>2</sub>, increase the amount of energy trapped in the atmosphere which leads to global effects such as increased temperatures, melting of snow and ice, and raised global average sea level. If these issues are not addressed with urgency the projected effects of climate change present a serious risk of dangerous and irreversible climate impacts at national and global levels (IPCC, 2014). Food production and ecosystems are particularly vulnerable. The latest research from the World Meteorological Organisation shows that 2011-2020 was the warmest decade on record, with 2015 to 2020 the warmest six-year period on record, in a persistent long-term climate change trend (WMO, 2020). This period is characterised by sea level rise, ice loss and extreme weather.

At the Paris climate conference (COP21) in December 2015, 195 countries adopted the first ever legally binding global climate deal. This agreement is due to enter into force by 2020 with the aim to keep global warming below 2°C by 2100. Countries agreed:

- A long-term goal of keeping the increase in global average temperature to well below 2°C above pre-industrial levels;
- To aim to limit the increase to 1.5°C, since this would significantly reduce the risk and the impact of climate change;
- To come together every five years to set more ambitious targets as required by science;
- To provide continued and enhanced international support for adaptation to developing countries.

The latest United Nations Environment Programme Annual Emissions Gap Report concludes that despite a brief dip in emissions caused by the Covid-19 pandemic,

the world is still heading for a temperature rise in excess of 3°C this century – well in excess of the Paris Agreement goals. Predicted emissions in 2030 leave the world on the path to a 3.2°C increase this century, even if all unconditional NDCs<sup>1</sup> are fully implemented. Developed countries must do more. The combined emissions of the richest one per cent of the global population account for more than twice the poorest 50 per cent (UNEP, 2020). The report concludes that the elite will need to reduce their footprint by a factor of at least 30 to stay in line with the Paris Agreement targets.

Crucially the report highlights an opportunity to accelerate a green transition and meet our Paris targets. A low-carbon pandemic recovery could cut 25 per cent off the greenhouse gas emissions expected in 2030, based on policies in place before Covid-19. Policies that should be prioritised to ensure a green pandemic recovery include direct support for zero-emissions technologies and infrastructure, reducing fossil fuel subsidies, no new coal plants, and promoting nature-based solutions.

Meeting these targets requires an enormous concerted global effort over the next decade. Ireland must be at the forefront of this effort. Incorporating low-carbon policies into our National Economic Plan and full implementation of policies outlined in the *Climate Action Plan* to reduce our emissions must begin now.

## Climate Change

The international commitments that Ireland signed up to at COP21<sup>2</sup> mean that clear targets and significant investment are required to ensure that Ireland meets its emissions reduction obligations. Ireland is still among the worst performing European Union (EU) countries on climate change according to the most recent Climate Change Performance Index (Burck et al, 2020). Although we perform relatively well on renewable energy and energy use, we are the second worst performing EU country on greenhouse gas emissions. The report notes that Ireland has considerable potential for improvement if Government policies translate into concrete actions.

The *Climate Action Plan* (Government of Ireland, 2019) recognises that Ireland must significantly step up its commitments to tackle climate disruption. It contains sectoral targets, a governance framework for policy development and implementation and welcome headline policies on the elimination of non-recyclable plastic, improved Microgeneration Scheme, increased retrofitting and a focus on Community Capacity Building, Just Transition and participation. In order to meet our 2030 targets every measure in the Climate Action Plan will have to be fully implemented. Given challenges in implementing previous climate policies it

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<sup>1</sup> The Paris Agreement required each Party to prepare, communicate and maintain successive nationally determined contributions (NDCs) that it intends to achieve to address climate change. For more information see [Nationally Determined Contributions \(NDCs\) | UNFCCC](#).

<sup>2</sup> <https://www.gouvernement.fr/en/cop21>

is reasonable to question whether every measure in the plan will be implemented by 2030.

The Climate Action Plan lacks the ambition and focus of the proposals of the report by the Joint Oireachtas Committee on Climate Action and neither does it contain sufficient policies to meet Programme for Government commitments. The Programme for Government commits to a Green New Deal and to an average 7 per cent per annum reduction in overall greenhouse gas emissions from 2021 to 2030, to achieving net zero emissions by 2050, annual updates of the plan, and quarterly progress updates. It is unclear where the additional efforts and policies will come from to meet these commitments. The Climate Change Advisory Council (2020) notes that some of the plans presented in the Programme for Government (retrofitting for example) do not substantially go beyond the existing Climate Action Plan, and therefore their contribution to increased ambition is unclear. The Council also notes that challenges relating to diverse objectives for the agriculture sector may be hard to resolve. This is evident in the 'Ag Climatise' strategy by the Department of Agriculture, Food and the Marine (2020), while committing to an absolute reduction in the agricultural greenhouse gas inventory by 2030 the strategy sets no annual targets, and does not make any reference to the size of the national herd, which is a fundamental driver of agricultural emissions.

The increased incidence of flooding and other severe weather events are evidence of the impact that climate change and changing weather patterns are having on Ireland. It exposes the vulnerability of many of our services, communities and utilities and failure to act now will only result in greater expense later (Climate Change Advisory Council, 2020). In Ireland, six of the ten warmest years on record have occurred since 1990.<sup>3</sup> Among the predicted adverse impacts of climate change are sea level rise, more intense storms, increased likelihood and magnitude of river and coastal flooding, adverse impacts on water quality, decrease in rainfall in spring and summer, an increase in intensity of storms, and changes in distribution of plant and animal species (EPA, 2015). The present rate of climate change demands a more urgent response if Ireland is to safeguard its resources, society and economy from its impacts.

### **Ireland's environment and natural capital**

The deterioration of our environment and natural capital is also reflected in the latest EPA assessment of Ireland's rivers (EPA, 2020b). The report found that over one third of rivers, and a quarter of lakes are failing to meet their environmental quality standards. The main threat to water quality is the presence of too many nutrients, such as phosphorus and nitrogen, which come primarily from agriculture and waste water. The problem is particularly acute in the south and south east where the main source is agriculture.

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<sup>3</sup> <http://www.epa.ie/climate/communicatingclimatescience/whatisclimatechange/whatimpactwillclimatechangehaveforireland/>

The decline of nature, biodiversity and insects, and the impacts, are starkly outlined in a series of international reports from the Intergovernmental Panel on Climate Change<sup>4</sup>. The impact on Ireland is clear from reports from the EPA on water quality, air quality, biodiversity and emissions. Government must treat these reports as an impetus to implement a complete shift in policy away from business as usual and towards transition and adaptation. This requires immediate action and immediate investment. Although initially costly, the returns and dividend we will reap from the investment is significant. It will put Ireland on the pathway to meet 2030 and 2050 targets. Without action now the challenge becomes almost insurmountable.

There are also negative health effects from damaging environmental activity. According to the EPA (2020c) about 1,300 premature deaths annually in Ireland can be attributed to air pollution. Those most impacted include older adults, people with chronic illnesses, children and those living in deprived communities. The World Health Organisation has described air pollution as the ‘single biggest environmental health risk’<sup>5</sup>. EPA figures show that air pollutants were above the WHO’s guideline values for health at 33 monitoring stations across Ireland in 2019 – mostly as a result of the burning of solid fuel in our cities, towns and villages. A nationwide Smoky Coal Ban must be part of a suite of policies to improve our air quality. It is not the only solution but it is part of the solution.

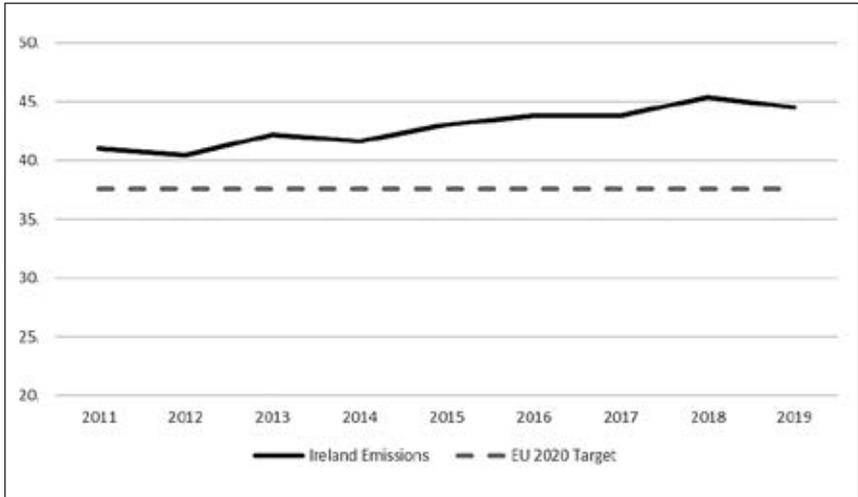
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<sup>4</sup> <https://www.ipcc.ch/srccl/>  
<https://www.ipcc.ch/srocc/home/>  
<https://www.un.org/sustainabledevelopment/blog/2019/05/nature-decline-unprecedented-report/>

<sup>5</sup> [https://www.who.int/phe/health\\_topics/outdoorair/databases/en/#:~:text=In%20new%20estimates%20released%2C%20WHO,largest%20single%20environmental%20health%20risk](https://www.who.int/phe/health_topics/outdoorair/databases/en/#:~:text=In%20new%20estimates%20released%2C%20WHO,largest%20single%20environmental%20health%20risk)

## Emissions

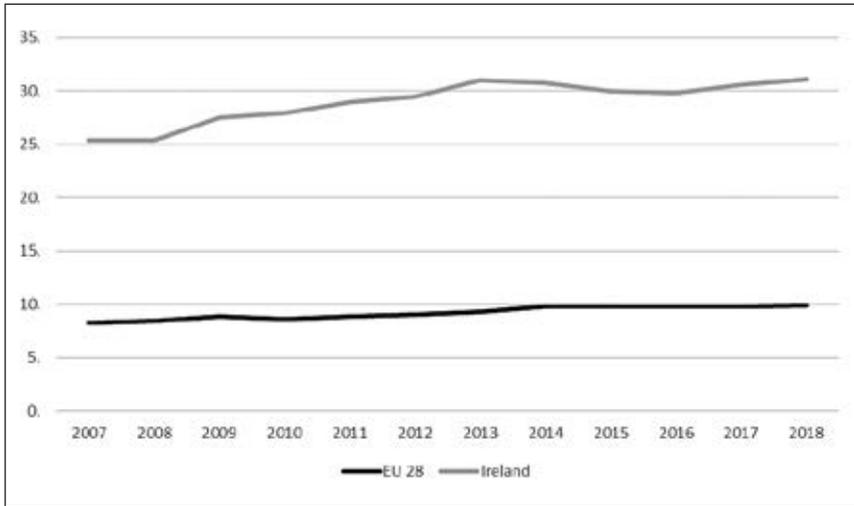
**Chart 11.1:** Greenhouse Gas Emissions Ireland's output versus Europe 2020 Targets



Source: Eurostat, 2021.

Chart 11.1 tracks Ireland's progress over time in relation to our Europe 2020 emissions reduction targets. What is clear from the chart is Ireland came closest to our targets in the period 2011-2012, during the economic recession. The EPA noted at the time that Ireland's reduced emissions resulted from reduced economic activity, not from any policy success, and has since noted that emissions continue to increase in line with economic growth, highlighting a complete failure at a political level to implement policies that will de-couple emissions from economic trends and put our economy and our society on a more sustainable footing.

**Chart 11.2:** Greenhouse Gas Emissions from Agriculture, 2007-2018



**Source:** Eurostat, 2021.

Chart 11.2 gives an overview of Ireland’s emissions from agriculture over time. The data shows we have persistently high levels of emission from agriculture (one of the highest in the EU) and these emissions are rising. This data reveals just how difficult it is going to be for Ireland to transition to a low carbon future, and puts the lack of ambition in the *Climate Action Plan* into context.

As outlined earlier, there will be challenges in meeting our emissions targets in all sectors. In terms of agriculture, improvements in production efficiency will not be enough to meet and the long-term trajectory for the livestock sector must be considered. Continued support for the beef sector must be contingent on much stronger conditionality and essential income support for low-income farm households via CAP (Common Agricultural Policy) should be consistent with the green transition and emissions reduction ambitions (CCAC, 2020). We must move away from the existing approach whereby the targets in our agricultural and food strategies serve to undermine the targets in our environmental policies.

Early estimates for 2020 show that Covid-19 and the resultant public health measures have had an impact on our emissions. Total greenhouse gas emissions for 2020 are estimated to have decreased by almost 6 per cent, the biggest fall since 2011. Emissions from Energy Industries and Transport show the greatest decline, emissions from the Residential sector however are estimated to have increased, reflecting increase in home working, and Agriculture emissions are estimated to have been largely unaffected (EPA, 2021). As outlined earlier emissions in Ireland are cyclical, and even though emissions fell during the recession, they immediately

increased as economic activity increased. Even with the impact of the pandemic taken into account, Ireland will miss our energy and climate targets for 2020. There is an urgent need to decouple emissions from economic growth.

Focusing on climate action as part of a 'green' recovery stimulus offers the opportunity to rebuild our economy, generate new jobs and respond to climate change and build on the limited progress made on emissions in 2019. Prior to the pandemic, 2019 saw the largest decrease in GHG emissions since 2011 at 4.5 per cent (EPA, 2020a). But despite this reduction, and the 2020 reduction, Ireland is still not on the pathway to meet our commitment to become a climate neutral economy. The 2019 figures show limited progress in implementing policies to reduce emissions. Emissions in the energy sector decreased by 11 per cent, driven by a significant reduction on coal and peat use. Emissions from agriculture reduced by 3.9 per cent, driven by reduced fertiliser use. However other key drivers of emissions in this sector, including the size of dairy herd, continued to rise. Emissions in the transport sector reduced marginally. In 2016, the EPA recommended that Government implement measures to decarbonise the transport and energy sectors and ensure policy coherence between agricultural output targets and environmental ones (EPA, 2016). We need to act on these recommendations immediately.

Despite improvements in some sectors the overall trend is at odds with our national ambition outlined in the Programme for Government (2020) and the goal of reducing CO<sub>2</sub> emissions by 80 per cent from 1990 levels by 2050 in the *Climate Action Plan*. Such policy incoherence at national level is unacceptable, particularly when agriculture is the single largest contributor of Ireland's total greenhouse gas emissions (accounting for one third). The Agri-Food Strategy to 2030 must reflect our national climate ambitions and outline a pathway for emissions reductions from agriculture to 2030 with annual targets.

While the environmental implications of not meeting our emissions targets are obvious, there are also significant economic implications as a result of not meeting our EU 2020 targets. The Climate Change Advisory Council in its annual review notes that the use of public funds to buy emissions allowances in order to comply with our 2020 EU targets provides no domestic benefit, imposes a current cost on the Exchequer, and leaves the country with an even bigger task to meet our future targets to 2030 and beyond (CCAC, 2019:iv).

As a member of the EU, Ireland has committed to legally binding emissions reduction targets in 2020 and 2030. We have committed to a 20 per cent reduction on 2005 emission levels by 2020, and a 30 per cent reduction of emissions compared to 2005 levels by 2030. Ireland will not meet the 2020 target and we are certainly not on a trajectory to make our 2030 targets. This has very serious implications for our environment, our society and our economy.

Because we are projected to miss our 2020 targets, Ireland will be subject to fines at an estimated cost of between €65 million and €130 million per percentage point

below the overall 16 per cent target (DCCAE, 2017:37). A recent assessment of Ireland’s progress towards achieving emission reduction targets set under EU Effort Sharing Decision No 406/2009/EU suggests that Ireland’s non-ETS emissions are projected to be between 2 per cent and 5 per cent per cent below 2005 levels in 2020 compared to a target of 20 per cent (EPA, 2020e).

Table 11.1 shows potential costs if we remain on this course – as well as variations on that scenario – assuming the two extremes noted above (€65m and €130m per percentage shortfall), as well as a mid-point. If Ireland remains on its current course, a best-case scenario looks like a fine in the region of €715m, but this could potentially be over €1 billion.

**Table 11.1:** Projection of Possible Environmental Fines for Ireland in 2020 (€m)

	Fine per percentage point shortfall		
Various scenarios	€65m	€97.5m	€130m
EPA’s projected scenario is met (11% below 2005 levels)	€715	€1,072	€1,430
20% above EPA projection	€858	€1,287	€1,716
20% below EPA projection	€572	€858	€1,144
40% above EPA projection	€1,001	€1,501	€2,002
40% below EPA projection	€429	€643	€858

**Source:** Social Justice Ireland calculation based on EPA projections.

The European Commission launched the ‘European Green Deal’ (European Commission, 2019a) in December 2019. The plan is a roadmap to transform the European economic model by moving to a circular economy, reversing and averting biodiversity loss, and addressing climate change. The Green Deal for Europe contains a political commitment to become the first climate neutral continent by 2050.

- Proposals in the European Green Deal that will shape policy in Ireland include:
- A European ‘Climate Law’ to enshrine the 2050 climate neutrality objective;
- An increase the EU’s greenhouse gas emission reductions target for 2030 to at least 50 per cent, and towards 55 per cent, compared with 1990 levels;
- The introduction of a carbon border mechanism if required to ensure the price of imports accurately reflects their carbon content;

- The Greening of the Common Agricultural Policy (CAP) with a Farm-to-Fork strategy<sup>6</sup>;
- Integration of SDGs into the European Semester;
- A minimum of 40 per cent of the CAP budget and 30 per cent of the Maritime Fisheries budget are to contribute to climate action. National plans for agriculture are expected to fully reflect the ambition of the Green Deal and Farm-to-Fork strategy;
- All EU policies should contribute to preserving and restoring Europe’s natural capital. At a national level Ireland should ensure that as part of a new National Progress Index that all policies are assessed as to their contribution to preserving and restoring our Natural Capital;
- The adoption by the European Commission in 2021 of a zero pollution action plan for air, water and soil. This has implications for Ireland and should provide the political impetus to implement a nationwide ban on smoky coal.

In the context of Brexit, a carbon border mechanism has the potential to significantly impact the costs of goods for Irish consumers, and the costs of our exports to the UK. The push for more ambitious 2030 emission reductions targets means that Ireland will have to implement policies immediately to reduce our emissions from all sectors. The refocusing of the CAP budget to climate action presents an opportunity for farmers to invest in sustainable forms of agriculture and the Farm-to-Fork Strategy has the potential to deliver on short supply chains for farmers, and address some of the issues of product pricing for Irish farmers. Our agriculture, marine and agrifood strategies must reflect this new reality.

The European Pillar of Social Rights and the SDGs should form the basis of EU policy as it implements a European Green Deal. One of the challenges ahead is the raising of additional resources to fund the actions required for adaptation and transition. Simply rediverting existing funds will not be enough. A focus on green investment and climate as the core of our post-pandemic recovery plan offers the opportunity to respond to climate change and put us on the path to a just transition while rebuilding our economy and society.

### Sustainable Development Goals

The Global Goals for Sustainable Development were adopted at the UN General Assembly on 25<sup>th</sup> September 2015 and came into effect on 1<sup>st</sup> January 2016. These goals make up the *2030 Sustainable Development Agenda* which is defined as a ‘plan of action for people, planet and prosperity’.<sup>7</sup>

<sup>6</sup> [https://ec.europa.eu/food/sites/food/files/food\\_farm2fork\\_20191212\\_qanda.pdf](https://ec.europa.eu/food/sites/food/files/food_farm2fork_20191212_qanda.pdf)

<sup>7</sup> The Farm to Fork Strategy aims to ensure farmer’ and fishers’ position in the value chain, encourage sustainable food consumption and promote affordable and healthy food for all.

<sup>7</sup> <https://sustainabledevelopment.un.org/post2015/transformingourworld>

World leaders have committed to 17 Global Goals (also known as SDGs) containing 169 targets to achieve three distinct aims: to end poverty, fight inequality and tackle climate change over the 15 years to 2030. The 17 goals are outlined in chart 11.3.

**Chart 11.3:** Sustainable Development Goals



Source: United Nations.

The emphasis is on national ownership of the goals, with each Government setting its own national targets to be supported by national development strategies and financing frameworks (UN, 2015). This requires ambitious national targets matched by adequate resources<sup>8</sup>.

The link between sustainable development and economic, social and environmental policies is highlighted by the UN, as is the need to support the most vulnerable countries that face particular challenges in achieving sustainable development (UN, 2015:35). These countries also face the greatest risk of the consequences of climate change. The SDGs commit countries to achieving sustainable development in its three dimensions – economic, social and environmental – in a balanced and integrated manner. To ensure these three dimensions are valued equally, new measures of progress will be required to ensure that economic progress does not come at the price of social or environmental progress.

<sup>8</sup> The scale of the implementation challenge for the SDGs is immense with UNCTAD calculating that the annual investment gap for implementing the SDGs is in the region of \$2.5 trillion

Ireland's *Sustainable Development Goals National Implementation Plan 2018-2020* is guided by four strategic priorities awareness, participation, support and policy alignment. If Ireland is to achieve the SDGs by 2030 national targets for each SDG is required as are new and ambitious policy measures. It is important that the Central Statistics Office's (CSO's) Sustainable Development Indicators are aligned with the *National Implementation Plan* so that Ireland has a comprehensive set of data to measure progress.

### **Sustainable Progress Index**

*Social Justice Ireland* monitors Ireland's performance towards achieving the SDGs through our *Sustainable Progress Index* (Clark & Kavanagh, 2021). Ireland's first *Sustainable Progress Index*, published in 2017, argued against GDP as the main barometer of a country's wellbeing and success and compared Ireland's performance across all 17 SDGs with those of the remaining EU-15 countries. Using these criteria, Ireland ranked 11<sup>th</sup> out of the EU-15 countries in 2017; improved one place to 10<sup>th</sup> in 2018; and slipped back to 11<sup>th</sup> in 2020 (see table 11.2).

The purpose of the *Sustainable Progress Index* is to provide a clear and simple picture of how Ireland is performing on the SDGs relative to countries with similar economic development experience. It provides a comprehensive overview on how Ireland is performing on each of the 17 SDGs and a summary of Ireland's strengths and weaknesses. The Index tracks Ireland's performance over time and compared to our EU-15 peers to provide an indication of progress, to help raise awareness of the SDGs, and to encourage policy action and provides an annual contribution to the strategic priorities outlined in the National Implementation Plan for the SDGs. Ireland ranked 10<sup>th</sup> out of the EU-15 on Economy, 6<sup>th</sup> on Society and 15<sup>th</sup> on Environment in 2020.

The results of the *Sustainable Progress Index* suggest that Ireland faces significant challenges in meeting the development objectives enshrined in the SDGs. Focusing exclusively on GDP will divert the attention of policymakers from the action that must be taken to achieve the SDGs. A new National Index of Progress encompassing environmental and social indicators of progress as well as economic ones would assist Ireland in achieving the SDGs.

**Table 11.2:** Sustainable Progress Index 2020

Country	Index Score	Country Rank
Sweden	0.663	1
Denmark	0.651	2
Netherlands	0.606	3
Finland	0.602	4
Austria	0.554	5
Germany	0.544	6
United Kingdom	0.499	7
France	0.477	8
Luxembourg	0.476	9
Belgium	0.474	10
<b>Ireland</b>	<b>0.456</b>	<b>11</b>
Portugal	0.403	12
Italy	0.385	13
Spain	0.376	14
Greece	0.340	15

Source: Social Justice Ireland Sustainable Progress Index 2021.

## 11.2 Key Policies and Reforms

Despite recent announcements on options to meet environmental targets Ireland has made little tangible progress on implementing the policies required to transition Ireland towards a carbon-neutral future. As previously noted, there is a limited window of opportunity to introduce these policies, which will require significant upfront investment and a strong implementation effort. Ireland has the capacity to develop ambitious policy, as the Fossil Fuel Divestment Bill<sup>9</sup>, the report of the Joint Committee on Climate Action (2019) and the Citizen’s Assembly (2017) report on climate change attest to. These policies may be politically unpalatable, but if we do not implement them now, future generations will pay an enormous cost. The immediate nature of the problem is emphasised by the following extracts from *Climate Action Plan 2019*.

<sup>9</sup> <https://www.oireachtas.ie/en/bills/bill/2016/103/>

“accelerating impact of greenhouse gas emissions on climate disruption must be arrested. The window of opportunity is fast closing, but Ireland is way off course” (Government of Ireland, 2019:8)

“If we delay the transition, we as a country, shall most certainly face greater costs and fewer opportunities. The reality is that, only by adapting now, can our enterprises remain competitive and our society resilient” (Government of Ireland, 2019:9)

“our clear ambition is to deliver a step-change in our emissions performance over the coming decade, so that we will not only meet our EU targets for 2030, but will also be well placed to meet our mid-century decarbonisation objectives” (Government of Ireland, 2019:16)

However, despite the rhetoric, action has been limited. Although the carbon tax was increased in Budget 2021, other opportunities to move towards a more sustainable development model such as by eliminating fossil fuel subsidies, addressing energy poverty, incentivising retrofitting, or overhauling the transport sector, were ignored.

A key starting point to move towards a sustainable model of development which protects the environment and enhances our natural capital is the assessment of Ireland’s environment by the Environmental Protection Agency:

Essentially we have to rethink, and redesign what we mean by social and economic ‘prosperity’ in order to deliver the resilience essential for us to prevail. We must all learn to live, produce and consume within the physical and biological limits of the planet. To achieve this will require integrated and enduring governance, including brave social and economic measures (EPA, 2016:159).

A continued focus on cost-neutral or cost-effective actions to mitigate the impacts of climate change in the *Climate Action Plan* is misguided. While addressing the impact of climate change and implementing adaptation policies comes at a cost and requires strong collective effort, the cost of inaction and the associated social fallout would be much higher (European Commission, 2019c).

Significant investment is required to ensure that our society meets our climate targets and that the transition is done in a just fashion. Focus must be on the long-term value and return that will be derived from this investment. As outlined earlier, Ireland has significant work to do in this area and is consistently one of the poorest performers in the EU when it comes to meeting emissions targets.

## **A green post-pandemic recovery**

As outlined earlier, a green, low-carbon pandemic recovery could cut 25 per cent off the greenhouse emissions expected in 2030 (UNEP, 2020). The Climate Change Advisory Council and the EPA have stressed the absolute urgency of a green recovery if Ireland is to meet our climate ambitions and targets. The IMF found that a green fiscal stimulus would support global GDP and employment during the recovery from the COVID-19 crisis and lay the ground for higher carbon prices by boosting productivity in low-carbon sectors (IMF, 2020). The Climate Change Advisory Council (2020) also argues for government to set a carbon price floor to support low and zero carbon energy options.

A report by Oxford University notes that the post-pandemic recovery packages will reshape the economy for the longer-term, representing life and death decisions about future generations, including through their impact on the climate. The report recommends that governments steer investment towards a productive and balanced portfolio of sustainable physical capital, human capital, social capital, intangible capital, and natural capital assets consistent with global goals on climate change (Hepburn et al, 2020). The authors are clear that any recovery package must also address existing concerns such as poverty, inequality and social inclusion.

In terms of expansionary policies, government spending on investment was found to be preferable to tax reductions, delivering higher multipliers. The report also found that recovery packages could exacerbate intergenerational inequities if they are focused on consumption, rather than productive investment delivering sustainable returns for future generations.

Five policy areas are identified with high potential on both economic multiplier and climate impact metrics.

- 1) Clean Physical Infrastructure
- 2) Building Efficiency Retrofits
- 3) Investment in Education and Training
- 4) Natural Capital Investment
- 5) Clean Research and Development

These have obvious implications for Ireland 2040 (National Development Plan) and for public policy. Renewable energy and clean energy infrastructure are employment intensive and they offer high returns on public investment as they drive down the cost of transition to clean energy. Residential and commercial retrofitting, natural capital spending in areas such as rural ecosystems, biodiversity and expanding parkland are identified as fast-acting climate friendly policies that will have an immediate impact and long-term returns. Natural capital spending is identified as particularly appropriate in current circumstances because worker training

requirements are low, many projects have minimal planning and procurement requirements, and most facets of the work meet social distancing norms.

The investment plans associated with Covid-19 recovery will be critical in setting the environmental pathway for the next few decades, and crucial for Ireland's climate ambitions and targets. The OECD (2020) recommend three overarching principles to accelerate a fair, low-carbon recovery: (i) aligning the short-term emergency responses to the achievement of long-term economic, social and environmental objectives and international obligations; (ii) preventing both lock-in of high-emissions activities and worsened well-being of those in the bottom 40 per cent of the income distribution and (iii) systematically integrating environmental and equity considerations into the economic recovery and stimulus process.

Translating the OECD principles to the Irish context the new Government should:

**Integrate a Sustainable Development Framework into economic policy.**

This would ensure that policies are socially, economically and environmentally sustainable. A sustainable development framework integrates these three pillars in a balanced manner with consideration for the needs of future generations. Maintaining this balance is crucial to the long-term development of a sustainable resource-efficient future for Ireland.

**Develop a new National Index of Progress.** Government should develop a new National Index of Progress encompassing environmental and social indicators of progress as well as economic ones. This would involve moving beyond simply measuring GDP, GNI and GNI\* and including other indicators of environmental and social progress. Indicators such as the value of unpaid work to the economy and the cost of depletion of our finite natural resources among others would be measured. Wellbeing indicators such as health (physical and mental), economy and resources, social and community development, participation, democracy and good governance, values, culture and meaning and environment and sustainability would be an appropriate frame for developing a new National Index of Progress. *Social Justice Ireland's* Sustainable Progress Index could inform this process. The index uses 81 indicators across the 17 SDGs and compares 15 EU countries across all UN SDGs, assesses their performance on each individual SDG and creates a ranking table for performance overall.

**Investment underpinned by a Just Transition Strategy.** One of the fundamental principles of a Just Transition is to leave no people, communities, economic sectors or regions behind as we transition to a low carbon future. Transition is not just about reducing emissions. It is also about transforming our society and our economy, and investing in effective and integrated social protection systems, education, training and lifelong learning, childcare, out of school care, health care, long term care and other quality services, Social investment must be a top priority of transition because it is this social investment that will support those people, communities, sectors and regions as we make the difficult transition to a carbon-

neutral economy, transforming how our economy and society operates. Transition to a sustainable economy can only be successful if it is inclusive and if the social rights and wellbeing of all are promoted.

In the medium to long term, we face considerable economic, social and environmental harm unless climate change is addressed. This makes the benefits from mitigation and action now far higher than the initial cost, and far higher than the temporary benefits from any policy inaction.

### **Emissions reductions**

Ireland must make firm commitments to reduce total emissions outputs from agriculture, transport and energy. We state our ambition to meet our EU targets for 2030 and to be well-placed to meet our mid-century decarbonisation objectives in the *Climate Action Plan*. Unfortunately accompanying sectoral commitments and emissions reductions targets were not published with the action plan. In light of the UNEP report detailed earlier and the need for reductions of over 7 per cent per annum, and given how far Ireland is from its Europe 2020 target, it is clear that strong emissions reduction commitments and actions are required immediately.

The European Green Deal and its aforementioned commitment to increase ambition for 2030 to 50 or 55 per cent reductions on GHG will be very difficult to achieve if we do not act now. We are not limited in what we can do, but are limited by our political ambition and leadership, and by the fact that because we have left these decisions for so long, the effort required to achieve adaptation and transition will now be far greater than if we had acted years ago.

These commitments must be underpinned by ambitious and substantive policies requiring sufficient resourcing and an all-of-Government approach to ensure that we meet our environmental targets.

Irish dairy farms produce up to three times more greenhouse gas and ammonia emissions than other farming sectors (Teagasc, 2019) and yet the dairy sector has been earmarked by Government for continued expansion. Increase in herd sizes on dairy farms is undermining any gains from more efficient and sustainable farming practices (Teagasc, 2019). This type of policy incoherence cannot continue. While reducing agricultural emissions will be difficult, it is necessary. In order to do so it is vital that Food Wise 2030 reflects the Farm-to-Fork principles of the European Commission and sets ambitious targets to reduce our agricultural emissions. The Ag Climatise Strategy commits to a reduction in absolute emissions from agriculture by 2030, but does not detail a specific target, nor outline some of the difficult yet very necessary policy changes that must be introduced if absolute emissions from agriculture are to be reduced. Transition to a sustainable food and farming system, based on circular economy principles, could ensure the viable future of this industry. It would help restore freshwater resources, incentivise sustainable land and forest management and other ecosystems.

Support for sustainable agricultural practice is important to ensure the long-term viability of the sector and consideration must also be given to how the projected increase in agricultural emissions can be offset. It is important that the agriculture sector be at the forefront of developing and implementing sustainable farming practices and be innovative in reducing emissions (Curtin and Arnold, 2016). With regard to our national and international climate commitments it must be asked what agricultural policy will be best-placed to ensure Ireland meets its national and international targets: Is it a policy of agricultural expansion and increased emissions to reach additional markets or is it a policy of ensuring Ireland produces the food required to meet our population needs and supports the agricultural sector in the developing world to ensure they can provide the food required to meet their own population needs?

Progress towards changing farm practices has been limited and incentives to reduce on-farm greenhouse emissions have not been delivered on a wide scale (Curtin & Hanrahan 2012: 9). The agriculture and food sector must build on its scientific and technical knowledge base to meet the emissions challenge.

Reducing emissions requires the implementation of policy decisions made in the interest of a sustainable future rather than short-term sectoral interests. While this implementation may be difficult in the initial stages, it will lead to reduced emissions and long-term benefits for all society. This is where our Government and all members of the Oireachtas must show leadership and act in the national interest.

Transport is another area which faces challenging targets. Despite impact of Covid-19 restrictions in emissions from this sector in 2020, a significant amount of work needs to be done in order to reduce emissions. The SEAI 'Energy In Ireland 2020' report outlines the challenges Ireland faces in reducing emissions from transport. Transport continues to dominate Ireland's energy use, and transport energy use has increased by 25 per cent since 2012. Heavy goods vehicles showed the strongest growth in energy use in transport in 2019, and electric vehicles made up just 0.3 per cent of the total private car stock.

More attention needs to be paid to emissions outside of road transport. Emissions from aviation are not taxed directly. The Central Statistics Office (CSO) calculated that the exemption of jet kerosene from excise amounted to an indirect environmentally harmful subsidy of up to €626.5 million in 2018<sup>10</sup>. This is untenable. Ireland needs to support EU efforts to control emissions in aviation to prevent a return to the trend of increasing emissions. Jet kerosene use increased by 1.2% in 2019 and is now greater than petrol use and air travel is now second only to private cars as a share of transport energy. The time has come to look at the aviation sector and the policy levers that are available to ensure that it makes a contribution to our climate targets. No sector can have a free pass, and with all other sectors

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<sup>10</sup> [Fossil Fuel Subsidies 2018 - CSO - Central Statistics Office](#)

being required to make a contribution to our climate targets the aviation sector should be no different. Jet kerosene is currently not subject to Mineral Oil Tax, yet air travel is a significant polluter. In a first step to address this anomaly, and as part of a comprehensive carbon policy to meet our national targets for 2030 out to 2050, *Social Justice Ireland* proposes the introduction of a Commercial Air Transport Tax. This is in line with the ‘Polluter Pays’ Principle and the Environment Liability Directive.

Significant investment is needed to develop a public transport network powered by electricity and renewable energy. To encourage electric car use the national charging infrastructure must be upgraded and the tax on electric vehicles should be reduced to make them a more affordable option.

The initial investment in public transport will be substantial if it is to have the necessary effect, but the long-term social, environmental and economic benefits of such a change would greatly outweigh the cost. It is vital that the upgrade to the public transport network has a strong focus on connectivity to ensure that people travelling from rural or regional areas to urban centres are encouraged to do so by public transport. Government policy must also examine how to discourage private car use, particularly in urban areas, in conjunction with the provision of accessible and quality public transport and an improved cycling network all forming part of a transition to a low-carbon transport system.

### **Fossil fuels and renewable energies**

Ireland’s fuel mix for electricity generation is still dominated by carbon-based fossil fuels, but the share of renewables is improving, reaching 36.5 per cent in 2019 (SEAI, 2020). The latest Sustainable Energy Authority of Ireland (SEAI) report *‘Energy In Ireland 2020’* notes that although Ireland has reduced its dependence on imported energy, the increase in our domestic energy generation is primarily from natural gas which is a fossil fuel. This runs contrary to our targets of reducing emissions, increasing renewable energy, and eliminating our dependence on fossil fuels. In 2019 renewables made up 12 per cent of final energy consumption, and our 2020 target is 16 per cent. Ireland is unlikely to meet our 2020 target and needs to do significantly more to produce renewable energy in order to meet our 2030 target.

The IMF note that globally fossil fuels are now massively under-priced, reflecting undercharging for production and environmental costs—including for air pollution and global warming. The estimate for the cost of global energy subsidies (the gap between existing and efficient prices) was around \$4.7 trillion in 2015, or about 6.3 percent of global GDP (IMF, 2020). Correctly pricing carbon would reduce its use while boosting the supply of low-carbon alternatives.

The passing of the Fossil Fuel Divestment Bill in 2018 is an achievement Ireland can be proud of. It made Ireland the first country in the world to commit to withdrawing public funds that are invested in fossil fuels and Ireland has set a deadline of five years to divest of all investments in fossil fuels on the passing of the Bill.. Despite the

passing of this bill, and the cross-party acknowledgement that fossil fuels are major contributors to emissions (particularly from energy generation), Ireland continues to subsidise climate-damaging fossil fuels. The subsidising of fossil fuels by the Exchequer is completely at odds with the Fossil Fuel Divestment bill and is another example of policy incoherence. According to the latest data published by the CSO, €2.4 billion was not collected by the Exchequer due to direct subsidies and revenue foregone due to preferential tax treatment supported fossil fuel activities in Ireland in 2018<sup>11</sup>. This represents an increase of 8 per cent on the previous year. The revenue foregone due to the excise duty exemption for jet kerosene used for domestic and international commercial aviation, which was €626.5 million in 2018. Between 2012 and 2016, €4 billion per annum in taxation was forgone through potentially environmentally damaging subsidies. €2.5 billion went in direct subsidies and preferential tax treatment supporting fossil fuel activities in Ireland and a further €1.6 billion supported other potentially environmentally damaging activities in the Agriculture, Transport and Fisheries sectors. A study by the ESRI (2020) found that budgetary cost of these subsidies was over six times higher than the entire carbon tax revenue of the Government in 2017. These subsidies mean that government has a wider fiscal space available in terms of climate policy. Government can alleviate adverse climate change impacts by removing these subsidies rather than levying new environmental taxes or increasing the existing environmental tax rates/levels. This is something that must be considered in budgetary terms when implementing and designing climate policy.

The value of these subsidies is substantially higher than the allocation to Just Transition and biodiversity in Budget 2021. By ending environmentally damaging tax breaks and investing this money in people, communities and regions that will be most affected by climate adaptation, Government can help to ensure a Just Transition.

### **Retrofitting**

Energy efficient homes help reduce our carbon footprint as they require less fuel to heat. Despite two Government strategies specifically aimed at tackling energy poverty, barriers persist to accessing grants for low income households. These are the households who are most likely to use solid fuels such as coal and peat; the very households that policy should be targeting. The upfront costs associated with accessing sustainable energy grants can act as a barrier for those on low incomes. Yet with an estimated 230,604 homes having the lowest BER ratings of F or G, it is imperative that Government support these households by redesigning these schemes to make them more accessible.

One of the most cost-effective measures to promote sustainable development is to increase building energy efficiency. Increasing building energy efficiency (through retrofitting, for example) is, along with reducing food waste, one of the two most effective means to increase sustainability and meet international environmental

<sup>11</sup> <https://www.cso.ie/en/releasesandpublications/er/ffes/fossilfuelsubsidies2018/>

targets (McKinsey Global Institute, 2011). The SEAI are currently supporting a deep retrofit pilot, at an anticipated spend of €21.2 million to 2019. The SEAI estimate that €35 billion would be needed over the coming 35 years to make Ireland's existing housing stock 'low-carbon' by 2050. More than 50,000 homes will have to be retrofitted every year to meet the targets in the Climate Action Plan and Programme for Government. The construction sector will have to be supported to increase its capacity if these targets are to be met.

*Social Justice Ireland* welcomes the progress made in increasing energy efficiency in modern construction. Government should develop a national retrofit strategy of sufficient scale, using the learning from the SEAI deep retrofit pilot programme, with an ambitious target to deep retrofit the entire existing housing stock in a 20 year timeframe and concurrent plans to increase capacity within the construction sector.

Investment in renewable energy and retrofitting on the scale required to meet our national climate ambition requires large scale investment in infrastructure. An upgrade of the national grid must be a key element of infrastructure investment so that communities, cooperatives, farms and individuals can produce renewable energy and sell what they do not use back into the national grid, thus becoming self-sustaining and contributing to our national targets.

The issues around renewable energy subsidies and energy poverty must be addressed. Too often subsidies are only taken up by those who can afford to make the necessary investments. Retrofitting is a prime example. As those who need them most often cannot avail of them due to upfront costs, these subsidies are functioning as wealth transfers to those households on higher incomes while the costs (for example carbon taxes) are regressively socialised among all users. Incentives and tax structure must look at short and long term costs of different population segments and eliminating energy poverty and protecting people from energy poverty should be a key pillar of any Just Transition platform. A state led retrofitting scheme is required to ensure that people living in social housing and poor quality housing have access. This would increase energy efficiency, reduce bills, improve health outcomes, and assist us in meeting our climate-related targets.

## **Taxation**

Any programme for sustainable development has implications for public spending. In addressing this issue, it must be understood that public expenditure programmes and taxes provide a framework which help to shape market prices, reward certain activities and penalise others. A key aspect of this could be to broaden the tax base through environmental taxation. Eco-taxes, which put a price on the full costs of resource extraction and pollution, would help with the transition towards a resource efficient, low carbon, green economy. The taxation system should reflect the environmental costs of goods and services. A carbon tax will play a key part in this regard.

The Climate Change Advisory Council recommends that Government ensure that the level of Ireland's carbon tax be sufficiently high to reflect the cost of achieving the 2050 targets, rising to €80 per tonne by 2030. The Council also proposes that Government design a strategy to remove fossil fuel subsidies, including the accelerated removal of price supports for peat generation and the introduction of a carbon price floor. An appropriate carbon price floor would remove the need for ongoing support of renewables via the Public Service Obligation levy (CCAC, 2020). *Social Justice Ireland* has consistently proposed that revenues from carbon taxes are used to support households in energy poverty to improve energy efficiency and in low carbon technologies to improve the energy efficiency of the housing stock. It is vital that any carbon tax is well-designed and accompanied by the necessary measures to assist people and communities to transition to low-carbon alternatives.

In designing taxes or incentives transitional measures, regional differentiation, the availability of alternatives and differences in purchasing power should all be taken into account. When designing environmental taxes it is vital that revenues generated should be used to offset any regressive impacts. When considering environmental taxation measures to support sustainable development and the environment, and to broaden the tax base, the Government should ensure that such taxes are structured in ways that are equitable and effective and do not place a disproportionate burden on rural communities or lower socio-economic groups. The European Commission has recommended the use of economic instruments such as taxation to ensure that product prices better reflect environmental costs. *Social Justice Ireland* believes that there is merit in developing a tax package which places less emphasis on taxing people and organisations on what they earn by their own useful work and enterprise, or on the value they add or on what they contribute to the common good. Instead, the taxes that people and organisations pay should, to the greatest extent possible, be based on the value they subtract by their use of common resources.

Subsidies are also an element of the environmental tax code that should be reviewed. These subsidies mean that government has a wider fiscal space available to it in terms of climate policy and taxation. Government can address climate challenges by removing those subsidies which are harmful rather than levying new environmental taxes or increasing the existing environmental tax rates/levels. This gives additional budgetary space for Government when implementing and designing climate policy. By eliminating these harmful subsidies and investing in renewable energy and schemes to address energy poverty Ireland will be in a much better place to meet our energy targets. This is a policy that Government can begin to implement immediately and would be an important component of a national mitigation and transition programme. If Government is really serious about Ireland transitioning to a low carbon economy all subsidies for fossil fuels should be reviewed in 2021, with those which are harmful removed and the savings invested in renewable energy.

The national target of converting peat-burning plants to sustainable low-carbon technologies by 2030 is unambitious. Ireland must make immediate changes to reduce our energy emissions. Peat extraction is one of the most polluting forms of electricity generation and an area where Ireland can make real progress if the correct policies are pursued. Eliminating peat extraction and developing retraining and employment strategies for the communities that will be affected by this policy should be part of a national mitigation and transition plan designed to support communities and people to move to a low carbon future.

In terms of overall public expenditure, systematic reviews should be carried out and published on the sustainability impacts and implications of all public subsidies and other relevant public expenditure and tax differentials. Subsidies which encourage activity that is damaging to natural, environmental and social resources should be abolished.

Environmental taxation, enforcing the polluter pays principle, and encouraging waste prevention can help to decouple growth from the use of resources and support the shift towards a low carbon economy. In order to promote sustainable development, it will be necessary to develop the economic system to reward activities that are socially and environmentally benign. This, in turn, would make it easier for people and organisations to make choices that are socially and environmentally responsible. Incorporating social and environmental costs in regulating and pricing both goods and services, combined with promoting those goods and services which are sustainable, should become part of sustainable development policy.

### **Circular Economy**

A sustainable economy can only be achieved with transformative policies. The 'circular economy' theory is based on the understanding that it is the reuse of vast amounts of material reclaimed from end of life products, rather than the extraction of new resources, that should be the foundation of economic growth (Wijkman and Rockstrom, 2012:166). Furthermore, the shift to a circular economy is labour intensive, focusing on repair, recycling, research and development, regenerating natural capital, and preserving and enhancing land, oceans, forests and wetlands. The business case to move towards a circular economy and decouple economic growth from resource consumption has been outlined by McKinsey in 2014 which shows that such a move could add \$1 trillion dollars to the global economy by 2025 and that the EU manufacturing sector could generate savings of up to \$360 billion per annum by 2025. A wider benefit of the circular economy is the reduction in carbon dioxide emissions.

In December 2015 the European Commission published an action plan which describes the circular economy as 'where the value of products, materials and resources is maintained in the economy for as long as possible, and the generation of waste minimised' (European Commission, 2015:2). This action plan is essential

to the EU's efforts to develop a sustainable, low carbon, and resource efficient economy. It is also explicitly linked to the EU's SDG commitments.

The 2018 Circular Economy Package (European Commission, 2018) includes a Europe-wide Strategy for Plastics in the Circular Economy; a communication on options to address the interface between chemical, product and waste legislation; a Monitoring Framework on progress towards a circular economy; and a Report on Critical Raw Materials and the circular economy. The Monitoring Framework is particularly instructive in that it 'puts forward a set of key, meaningful indicators which capture the main elements of the circular economy'. Changing from a linear economy to a circular one presents a challenge across all sectors, but bears rewards from an economic, environmental and social standpoint. The monitoring framework attempts to deal with this systemic challenge through the development of these key indicators which take a cross-sectoral view of progress, grouping the ten indicators into four aspects of the circular economy: production and consumption, waste management, secondary and raw materials, and competitiveness and innovation. The monitoring framework goes on to provide examples of each of the indicators and the EU levers, where possible (2018:4).

Finland (which ranked 4<sup>th</sup> in the 2021 edition of our aforementioned *Sustainable Progress Index*) published their roadmap to a circular economy in 2016 (Sitra, 2016) which aims to achieve a circular economy by 2025, concentrating on economic, environmental and social growth and benefits. They will initially concentrate their circular economic growth on five areas: sustainable food systems; forest-based loops; technical loops; transport and logistics; and common action. Were Ireland to adopt this model, it would need the support of the agricultural sector to engage in more sustainable practices in food production to minimise emissions; a concerted effort to increase forestry; a commitment to Research and Development (R&D) that focuses on longevity and sustainable production; greater incentives to use clean fuels in transport; and recognition of the relationships and interconnectivity between the economy, environment and society. Ireland should be at the forefront of rethinking and redeveloping the use of plastics in the global supply chain. An innovative and sustainable plastics industry, where all elements fully respect the circular economy principles, would help to create jobs and reduce waste.

Ensuring that product design, development and delivery is based on the principles of reusability, reparability and recyclability, and that materials for these products are sourced using sustainable methods, should be at the forefront of any R&D initiatives supported by Government. An expansion of the principles of the Ecodesign Directive (European Council, 2009), which was transposed into Irish law in December 2015 and provides for design specifications for energy products and products on which energy savings could be made, would greatly aid Ireland's progression of a circular economy. The circular economy in Ireland is supported by the Environmental Protection Agency Waste Prevention Programme. We welcome the establishment of the circular manufacturing platform CIRCULÉIRE and look forward to significant progress on the target of a 20 per cent reduction in

greenhouse gas emissions and waste production for 30 Irish companies. Adapting circular economy principles leads to economic benefits also. An analysis of the Smart Farming programme on 50 farms, identified 10 per cent greenhouse gas emissions reductions and savings of €6,336 per farm (EPA, 2020d). The concept of ‘cradle-to-cradle development’ involves reviewing the processes of production to not only minimise waste but eliminate it altogether. Ireland has often been lauded as a hub of innovation. Our environment, and consequently our economy and society, would benefit greatly from the adoption of ‘cradle-to-cradle’ design principles<sup>12</sup>.

The Circular Economy forms one of the key pillars of the Green New Deal for Europe and it is important that Ireland now moves to implement the monitoring framework provided in the European Commission 2018 Circular Economy Package<sup>13</sup>. A reduction in waste and consumption will help prevent waste of our finite natural resources and aid Ireland in meeting environmental targets. It will also positively impact our economy by eliminating harmful subsidies and enhancing adherence to the principle of ‘the Polluter Pays’.

### **Mitigation and Transition - supporting communities and people**

One of the fundamental principles of a Just Transition is to leave no people, communities, economic sectors or regions behind as we transition to a low carbon future. Transition is not just about reducing emissions. This is just one part. It is also about transforming our society and our economy, and investing in effective and integrated social protection systems, education, training and lifelong learning, childcare, out of school care, health care, long term care and other quality services, Social investment must be a top priority of transition because it is this social investment that will support those people, communities, sectors and regions as we make the difficult transition to a carbon-neutral economy, transforming how our economy and society operates.

Transition to a sustainable economy can only be successful if it is inclusive and if the social rights and wellbeing of all are promoted. A Just Transition requires a social protection system – along with appropriate services and infrastructure – that prevents poverty and social exclusion for those that lose employment or income due to the effects or mitigation of climate change (NESCC, 2020).

The National Economic and Social Council proposes that Ireland should adopt an approach to transition that:

- is a purposeful, participative, reflexive and multi-faceted approach to governance;

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<sup>12</sup> <http://www.mcdonough.com/cradle-to-cradle/>

<sup>13</sup> <https://ec.europa.eu/environment/circular-economy/>

- ensures appropriate social protection for those at risk from transition impacts, as well as adequate services and infrastructure;
- provides supportive arrangements and sectoral measures to enable quality jobs, and training and skill-development for workers;
- develops an inclusive place-based development framework, and invests in low-carbon and digital-ready infrastructures, plus community enterprise and household supports, that empower community action and enable sharing of benefits; and
- ensures that just transition policies, institutions and dialogue processes draw on existing and international experience and practices, with clear deliverables, remits and timelines.

A comprehensive mitigation and transition strategy is required to ensure there is public support for our domestic and international environmental and sustainable development goals. This strategy must pre-empt some of the challenges we face as we move to a more sustainable form of development. *Social Justice Ireland* proposes that the strategy should contain, as a minimum:

- Retraining and support for those communities who will be most impacted by the loss of employment related to the move away from fossil fuels;
- Support and investment in the circular economy with regional strategies and targets;
- Investment in the deep retrofitting of homes and community facilities;
- The provision of community energy advisors and community energy programmes;
- Investment in renewable energy schemes;
- Policies to eliminate energy poverty;
- Investment in a quality, accessible and well-connected public transport network.

The development of a national mitigation and transition strategy is a matter of priority if there is to be public support for the significant and fundamental changes required in the years ahead.

### **Stakeholder engagement for a Just Transition**

In order to ensure the move to a sustainable future for all is successful, stakeholders from all arenas must be involved in the process. Social dialogue is an effective mechanism for fostering trust and adopting a problem- solving approach to transition (NESC, 2020).

Sustainable local development should be a key policy issue on the local government agenda, and the Public Participation Networks are a forum where sustainable development issues at a local level can become part of local policy making. Indeed there is a requirement for Local Authorities to integrate sustainable development principles in the Local Economic and Community Plan and for such plans to contain a statement which may include objectives for the sustainable development of the area concerned. Sustainable Development Councils (SDCs) are a model for multi-stakeholder bodies comprising members of all major groups – public, private, community, civil society and academic – engaged in evidence-based discussion. The EU-wide experience has been that SDCs are crucial to maintaining a medium and long-term vision for a sustainable future whilst concurrently working to ensure that sustainable development policies are embedded into socio-economic strategies and budgetary processes.

The Citizen’s Assembly when considering ‘How the State can Make Ireland a Leader in Tackling Climate Change’ made a series of recommendations on tackling climate change and proposed some innovative solutions for addressing emissions from the Agriculture, Energy and Transport sectors<sup>14</sup>. *Social Justice Ireland* supports the recommendations of the Citizens Assembly which is an example of positive stakeholder engagement and involvement in addressing a major public policy challenge.

In order to develop a sustainable society, services and infrastructure must be well-planned and capable of adapting to the changing needs of the population over time. This means that policy planning and design should, from the very beginning, include potential future changes, and as far as possible should be designed with these in mind.

An on-going social dialogue structure at regional and national level is required to ensure the appropriate services and infrastructure are delivered, and that there is ongoing public support for the pathway by which these services and infrastructure will come on-stream. There is an increased responsibility on local and national government to engage with communities on this issue and build local capacity (CCAC,2020). This dialogue should also focus on what is required to transition Ireland to a low-carbon future, and how such services and infrastructure can be delivered and managed in a sustainable way. This requires input from all stakeholders. Such a mechanism would ensure that there is support and understanding as to how services and infrastructure are to be resourced and rolled out at local, regional and national level.

A robust social dialogue process provides a structure where current and future challenges can be addressed in a positive manner, acknowledging the task ahead,

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<sup>14</sup> <https://www.citizensassembly.ie/en/How-the-State-can-make-Ireland-a-leader-in-tackling-climate-change/Final-Report-on-how-the-State-can-make-Ireland-a-leader-in-tackling-climate-change/Climate-Change-Reference-Report-Final.pdf>

where reasoned, and evidence-based debate forms the basis for decision making and where all stakeholders are included in the decision-making process. This dialogue should be built into any Just Transition framework with the appropriate mechanisms, supports and investment at all levels.

### **New measurements of progress**

Moving towards an economy and society built on sustainable development principles requires that we develop new metrics to measure what is happening in society, to our natural resources, to the environment and in the economy. We need to move away from the assumption that growth should be the driver of policies. Instead we should be moving towards the OECD metrics of wellbeing as a driver of policies. We cannot tackle climate change and continue to pursue a growth model based on consumption.

As Stiglitz (2019) points out:

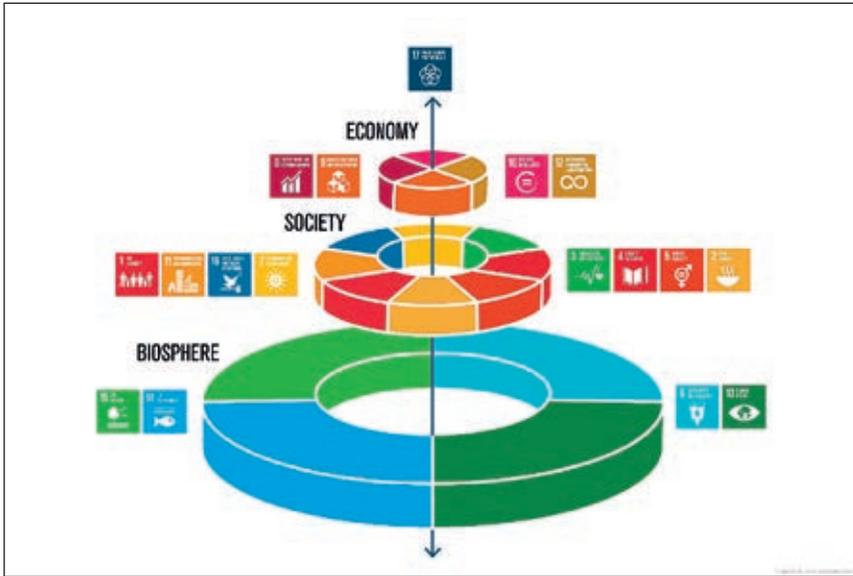
*“What we measure affects what we do, and if we measure the wrong thing, we will do the wrong thing. If we focus only on material wellbeing – on, say, the production of goods, rather than on health, education, and the environment – we become distorted in the same way that these measures are distorted.*

This reinforces the assumptions underpinning *Social Justice Ireland’s Sustainable Progress Index* and should inform Government policy on the SDGs.

The European Commission has published guidelines on integrating ecosystems and natural capital into decision-making (European Commission, 2019b). Government should ensure that our natural capital and eco-systems are included not only in the decisions making and policy making process, but also in our national accounts. The Commission guidelines state that the integration of ecosystems and natural capital should take place within existing frameworks, and that ex ante assessments on the environmental impacts of plans, policies or programmes should be carried out,

The SDG’s related to natural capital and living ecosystems are the basis for achieving all other social and economic goals according to a recent report from the European Commission on integrating natural capital and ecosystems into decision-making. The interdependency between the economy, society and the environment and how all three rely on our natural capital and ecosystems is outlined in figure 11.2.

**Figure 11.2:** Society, Economy and the SDGs



Source: Stockholm Resilience Centre, 2016.

In order to truly move to sustainable development Ireland must develop a new National Index of Progress encompassing environmental and social indicators of progress as well as economic ones. By measuring and differentiating between economic activities that diminish natural and social capital and those activities that enhance them, we can better track our progress and ensure that our economic welfare is sustainable. Such an Index would also allow us to move beyond a purely financial approach and look at the value added to or subtracted from our natural and social resources as a whole by the policies that we pursue. The use of such indicators would help ensure that issues such as climate justice and balanced regional development, among other key indicators of wellbeing, are given the priority they deserve by policymakers. *Social Justice Ireland's Sustainable Progress Index*, based on the Sustainable Development Goals, could be used to inform this process. The metrics referred to in the Sustainable Progress Index, which are widely available and used internationally, could be a baseline for a more cohesive set of national accounts

The Environmental Protection Agency (EPA, 2017(c)) report on the state of knowledge of climate change impacts in Ireland found that while there was sufficient information available to support the integration of environmental protection principles into economic and social policy making, there remained

areas on which a number of ‘important knowledge gaps’ remain, such as coastal and marine, critical infrastructure, emergency planning and human health (2017:31).

The report indicates that climate change has the potential to impact all economic sectors, with adaptation measures made difficult by a lack of certainty of the severity of the risks and the subsequent impact on the insurance sector. It also makes a number of key recommendations including advancing the knowledge base; developing sectoral risk and vulnerability assessments; developing and assessing adaptation options which would include cost-benefit analyses; and developing and implementing governance structures. The Irish Government needs to take on board these recommendations to mitigate the costs of climate change on our economy, while having the benefit of providing jobs in implementing these measures. At a practical level the CSO should be fully resourced to implement the System for Environmental-Economic Accounts (SEEA) and the future compilation of natural capital accounts. These datasets will be vital to measure progress on environmental issues and the SDGs.

Climate change is also having an impact on biodiversity in Ireland. The EPA’s 2017 report repeats earlier assertions that the economic value of our ecosystem services is around €2.6 billion (EPA, 2017:24) but that the rate of habitat degradation and loss of biodiversity is accelerating across Europe, including in Ireland. Ireland needs to improve its data collection methods when it comes to biodiversity and to monitor the impact of climate change in this context to protect both our natural resources and our economy. Our natural capital and ecosystems should also be assigned value in our national accounting systems.

Government should also implement in full the commitment in the SDG Implementation Plan to identify areas of departmental expenditure which support specific SDGs and expand this to badging all policy decisions with the relevant SDG.

### **Policy Coherence**

To ensure policy coherence Government should integrate a Sustainable Development Framework into economic policy. As noted at the beginning of this chapter, sustainable development is defined as ‘development which meets the needs of the present, without compromising the ability of future generations to meet their needs’ and should encompass the environment, society and the economy. Maintaining a balance between the three is crucial to the long-term development of a sustainable resource-efficient future for Ireland.

As noted in other parts of this chapter, there appears to be a strong degree of policy incoherence at national level, with government pursuing policies such as Food Harvest 2020 and Food Wise 2025, despite the fact that these will each result in increased emissions that will inhibit the achievement of our climate-related goals. The increased emissions from both agriculture and transport mean that Ireland will be subject to fines for not meeting our European targets. Energy policy is also

affected by policy incoherence. There is a mismatch between pursuing a policy of data centre expansion, and the pressure that this will put on energy resources whilst simultaneously trying to reduce our energy emissions. Eirgrid found in their 'All-Island Generation Capacity Statement 2019-2028' that forecasted energy demand in Ireland continues to be heavily influenced by the expected growth of large energy users, primarily data centres. Data centres can require the same amount of energy as a small town and Eirgrid forecast that 29 per cent of total energy demand will come from data centres by 2028 (Eirgrid, 2019).

In addition to the immediate financial costs of missing our 2020 targets, the potential social, economic and environmental impacts of climate change are immense, and their cost must also be taken into account.

Government's commitment to green budgeting and the publication of all Exchequer climate related expenditure is an important part of the policy coherence process and incorporating climate change and the SDGs into the budget process.

In order to improve policy coherence the SDGs should be placed at the centre of policy making in Ireland. Government should, as a matter of priority, outline a five-year plan containing the following:

- A plan to support the CSO to develop Ireland's System of Environmental-Economic Accounts (SEEA) and how the SEEA will be incorporated into the National Development Plan;
- All proposed environmental taxation and subsidy changes over the period;
- Details of the energy efficiency and renewable energy projects that this revenue will fund over the period to support our low carbon transition;
- A circular economy strategy for Ireland;
- A mitigation and transition programme.

This plan should be overseen and monitored by an Oireachtas committee.

### 11.3 Key Policy Priorities

A successful transition to sustainability requires a vision of a viable future societal model and the ability to overcome obstacles such as vested economic interests, political power struggles and the lack of open social dialogue (Hämäläinen, 2013). Ireland is at the cusp of this transition. To achieve it in the years ahead, *Social Justice Ireland* believes that policy should:

- Set ambitious emissions reduction targets for 2030 and ensure sufficient resources to support implementation of these targets;

- Adopt targets and a reporting system for each of the Sustainable Development Goals;
- Integrate a Sustainable Development Framework into economic policy;
- Introduce a strategy for Ireland that includes the principles of the circular economy and cradle-to-cradle development;
- Introduce shadow national accounts, and assign value to natural capital and ecosystems in our national accounting systems;
- Develop a comprehensive mitigation and transition programme to support communities and people in the transition to a low carbon society;
- Develop a progressive and equitable environmental taxation system;
- Develop a new National Index of Progress encompassing environmental and social indicators of progress as well as economic ones;
- Develop a Just Transition Dialogue structure at regional and national level.

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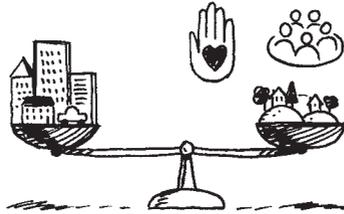
## Chapter twelve

# Chapter 12

## Rural Development

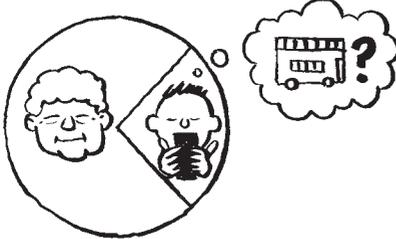
### Core Policy Objective:

To achieve balanced regional development, with a particular emphasis on providing the sustainable public services and employment opportunities required.



To secure the existence of substantial numbers of viable and sustainable communities in all parts of rural Ireland

### Key Issues/Evidence

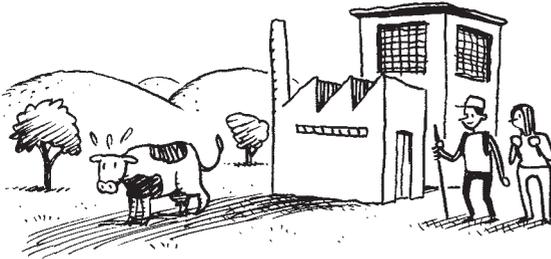


The average distance to most everyday services for people in rural areas is at least three times longer than for people in urban areas.

Rural areas generally have an older population, higher rates of part-time employment and lower median incomes than the national average.



Supporting rural households to ensure that they have sufficient incomes will be crucial to the future of rural Ireland.



The driver of the rural economy in Ireland is diverse – involving agriculture, services, manufacturing, tourism and others.

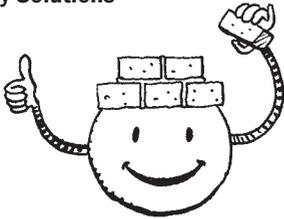


Investment in education and training for people in low skilled jobs or unemployed in rural areas would deliver a major social and economic return.

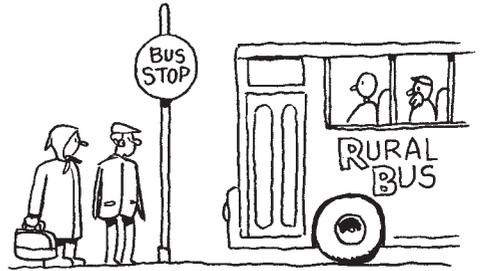


Lack of quality broadband is a considerable barrier to the sustainable development of rural Ireland.

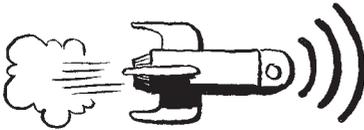
## Policy Solutions



Ensure rural development policy is underpinned by social, economic and environmental wellbeing.



Invest in an integrated, accessible and flexible rural transport network.



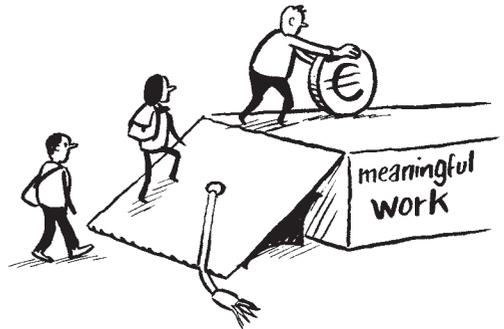
Prioritise rolling out high speed broadband to rural areas.



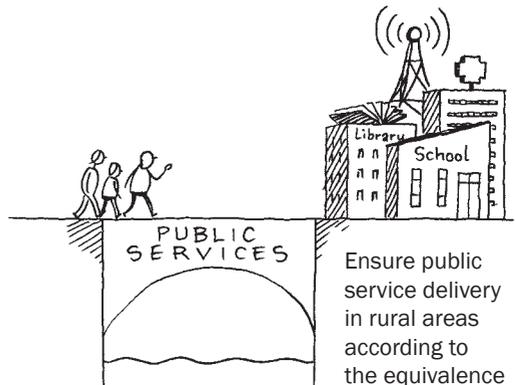
Establish a Just Transition and Adaptation Dialogue to ensure rural areas are not disproportionately impacted by climate adaptation or automation.



Provide integrated supports for rural entrepreneurs, micro-enterprises and SMEs.



Invest in human capital through targeted education and training programmes, especially for older workers and those in vulnerable employment.



Ensure public service delivery in rural areas according to the equivalence principle.

## 12.

# RURAL AND REGIONAL DEVELOPMENT

### **Core Policy Objective: RURAL AND REGIONAL DEVELOPMENT**

To achieve balanced regional development, with a particular emphasis on providing the sustainable public services and employment opportunities required.

To secure the existence of substantial numbers of viable communities in all parts of rural Ireland where every person would have access to meaningful work, adequate income and social services, and where infrastructure needed for sustainable development would be in place.

Rural Ireland is a valuable resource with much to contribute to Ireland's future social, environmental and economic development. However, it faces significant challenges in the areas of job creation, service provision for an ageing population, ensuring the natural capital and biodiversity of rural areas is protected, and in encouraging young people who have left to return and settle in rural areas. The impact of the Covid-19 pandemic on rural areas will be significant and lasting. Remote working presents an opportunity to reinvigorate rural communities, however the social and economic impact of the pandemic will be lasting, with a potentially prolonged period of unemployment and many sectors slow to reopen. A fully resourced rural and regional recovery strategy is a priority. The future of rural Ireland is inextricably linked to a number of issues. Brexit will have a significant impact on some parts of rural Ireland. Just under 3 per cent of our population lives less than 10 kilometres away from the border with Northern Ireland (CSO, 2019c). The impact that Brexit will have on the living standards, livelihoods, business and day to day activities of many people and towns and villages cannot be underestimated. This disruption is already manifesting itself in different ways and significant ongoing support will be required for these areas.

But Brexit is not the only issue that will determine the future of rural Ireland. How we transition to a more sustainable society and how we ensure rural areas and regions are supported to adapt to the potential impact of the future of work will determine what kind of rural communities we will have in Ireland by 2040.

In order to achieve a new Social Contract for rural Ireland, balanced regional development and viable communities in all parts of Ireland in the years ahead, *Social Justice Ireland* believes that policy should:

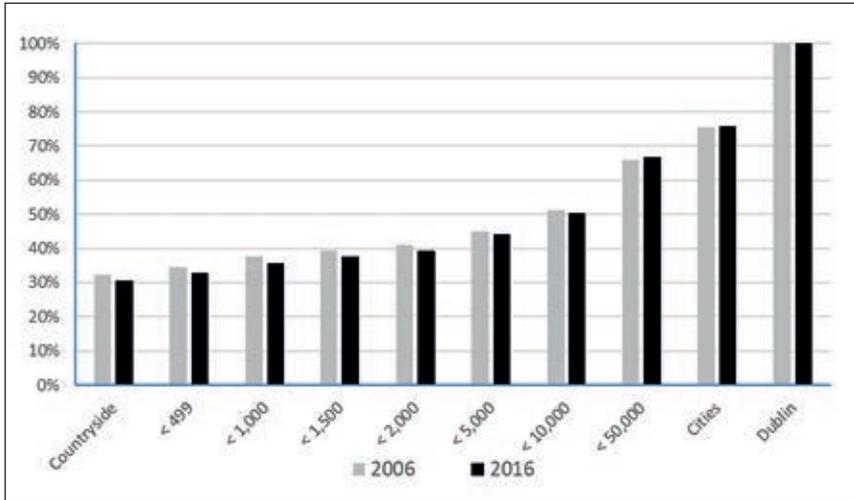
- Ensure that investment is balanced between the regions, with due regard to sub-regional areas.
- Ensure rural development policy is underpinned by social, economic and environmental wellbeing.
- Prioritise rolling out high speed broadband to rural areas.
- Invest in an integrated, accessible and flexible rural transport network.
- Ensure that sustainable agriculture policy, sustainable land management, and short supply chains for farmers and consumers form the basis of future agricultural policy.
- Ensure that development initiatives resource areas which are further from the major urban areas to ensure they do not fall further behind.
- Invest in human capital through targeted education and training programmes, especially for older workers and those in vulnerable employment.
- Establish a Just Transition and Adaptation Dialogue to ensure rural areas are not disproportionately impacted by low carbon policies and are supported to meet the challenges posed by the future of work.
- Prepare for the potential impact of technology on the future of work by investing in the regions and ensuring the necessary social, infrastructural and human capital supports are in place to manage any upheaval.
- Provide integrated supports for rural entrepreneurs, micro-enterprises and SMEs.
- Ensure public service delivery in rural areas according to the equivalence principle.

## 12.1 Key Evidence

### Population and demographics

Just over three in ten people in Ireland (31.4 per cent) live in a rural area, above the European average (CSO, 2019a).

**Chart 12.1:** Proportion of the Irish Population living in different settlement sizes, 2006 and 2016

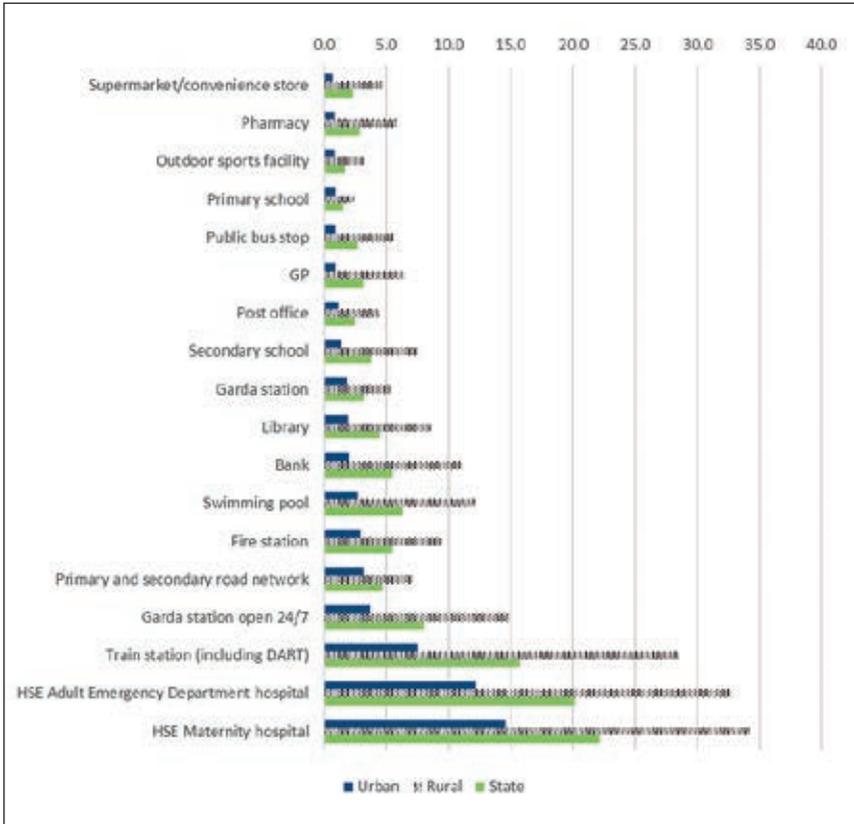


Source: CSO Census 2006 and 2016.

While the overall population of Ireland increased between the censuses in 2011 and 2016, the proportion within the different settlement tiers has remained relatively stable. Spatial analysis shows that the main increases in population occurred in the hinterlands of the larger towns and cities as people moved there for work (O'Donoghue, et al., 2017). The age profile varies widely between urban and rural areas. Countryside areas and settlements of less than 1,500 people are characterised by a lower proportion of young adults, and a higher proportion of older people compared with areas with populations over 50,000. This combination of outmigration of young adults for Third Level education and/or work and an ageing population poses a significant challenge for the delivery of services and the sustainability of rural economies.

Reports from the Central Statistics Office show that the average distance to most everyday services for rural dwellings was at least three times longer than for urban dwellings. For supermarkets/convenience stores, GPs and pharmacies, the average travel distance was seven times longer for rural dwellings (CSO, 2019b). People living in Donegal, Galway, Mayo, Leitrim and Roscommon have the highest average distances to most everyday services in Ireland. Chart 12.2 gives an overview of the average distance to everyday services.

**Chart 12.2:** Average distance (km) of residential dwellings to everyday services, by State, urban and rural area



Source: CSO Statbank 2019

The data in charts 12.1, and 12.2 give an insight into the challenges that rural and regional communities face. Rural and regional policy has to grasp with issues such as higher poverty rates, lower median incomes, higher dependency ratios, distance from everyday services, and a higher rate of part-time employment – issues which have persisted over time. Rural areas are very diverse, not all face the same challenges. Revising the classification of rural areas and rural typologies would make for more informed policy development, and give better indicators of the challenges and opportunities in rural areas (NESC, 2021).

## Employment and Unemployment

Rural areas faced challenges around seasonal employment, higher rates of part-time employment and lower median incomes prior to the onset of the Covid-19 pandemic. Census 2016 gave some insight into employment in rural areas finding that the employment rate is correlated with settlement size and that those living in villages of less than 1,500 inhabitants experience the highest rates of unemployment and the lowest participation in the labour market. In addition, the pool of people of working age who are not in the labour force due to either home duties or disability is at its highest in rural areas. In open countryside, the participation rate is the lowest, but the employment rate is higher reflecting farming, fishing and forestry activity which is 13 per cent of all work in these areas, but much of which is at a subsistence level.

The Covid-19 pandemic has had a devastating impact on employment in rural areas. A report by the Department of Social Protection (DSP, 2020) found that individuals working in tourism, hospitality, food and retail have seen the largest job losses, with these sectors considered to be severely affected by Covid-19. Transportation, storage and manufacturing are considered to be moderately impacted. Combined, these sectors provide a large proportion of the employment in rural and regional areas. It is reasonable to conclude that the impact in terms of job losses in the rural and regional areas will be significant, many of these sectors will be slow to open back up, indeed some may never open back fully.

An assessment of the impact of Covid-19 at county level found that coastal and rural counties are more likely to be exposed due to their reliance on commercial units that generally require human interaction and cannot be operated remotely (Three Regional assemblies, 2020). The counties identified with the highest “Covid-19 Exposure Ratio” are Kerry, with 53.8 per cent of its commercial units operating in the sectors likely to be worst affected, followed by Westmeath at 51 per cent, Donegal at 50.6 per cent, Cavan at 50.5 per cent and Clare at 50.4 per cent. This is in line with recent research which found that rural regions have been particularly vulnerable to the impact of Covid-19 as the rural economy is much less diversified and has a larger digital divide (OECD, 2020). The research also concludes that the gap between GDP per capita, productivity and service delivery between rural and urban areas which grew after the financial crash will likely worsen in coming years (OCED, 2020). Despite this, there are opportunities for rural areas, as changes in consumption and production patterns and remote working habits may present new opportunities for sustainable growth in rural regions.

*Social Justice Ireland* has consistently argued that employment and enterprise policy should have a rural-specific element designed to support local enterprises, rural-specific jobs, and be cognisant of the need to create full-time, high quality jobs with career progression opportunities. In this regard we welcomed the *Realising our Rural Potential Action Plan for Rural Development* (DRCD, 2017) with its strong focus on revitalising rural and regional economies.

The prevalence of low-paid, part-time and seasonal work is a continual feature of rural employment. Whilst there has been a welcome increase in employment nationally in recent years, this was initially predominantly urban-based and has taken longer to spread into the regions and more rural areas. The impact of Covid-19 on employment in rural areas will be prolonged. The increase in remote working is a positive move and can revitalise rural economies. However, the ongoing challenges prior to the pandemic (including the development and implementation of an effective rural proofing model) still have to be addressed. We look forward to the publication of the new strategy for Rural Development – it is vital that this strategy contains the correct policies to address these issues, is fully resourced and fully implemented.

One of the clearest lessons from the crisis is that a good quality internet connection is not a luxury but is in fact essential to allow people to fully participate in society. This applies not just to economic inclusion, but to educational and social inclusion as well. If it was not clear prior to the current crisis that a quality internet connection is an equality issue, it surely is now. It is one that has both regional and financial dimensions, and covers a broad range of policy areas. The very, very slow roll-out of quality rural broadband will continue to pose a challenge for the regional economic and social development and to the generation of sustainable regional and rural employment. Remote working has the potential to transform rural areas in terms of employment flexibility and living standards generally once quality rural broadband is in place. An obvious challenge for policy makers in Ireland is that rural areas were more dependent on social welfare transfers than urban areas and had lower median incomes than urban areas prior to Covid-19. The current pandemic will exacerbate this situation and any policy response must address income sustainability in the long-term. Policies such as increased investment in healthcare and other public services and ensuring affordable and accessible quality public services to all regardless of urban or rural location must be part of the response. Improved and expanded public services (including public transport, broadband, healthcare, childcare) could contribute to regional attractiveness in remote and rural areas, while also supporting the transition to a low carbon economy<sup>1</sup>. It would also deliver on the Programme for Government commitment to invest in key infrastructure that will facilitate new working opportunities and foster enterprises in rural Ireland (Government of Ireland, 2020).

### **Rural Economies**

Across Europe the secondary and tertiary sectors are now the main drivers of economic growth and job creation in rural regions. The areas of job creation include social enterprise and social services (e.g. childcare and elder care), tourism, ‘green’ products and services, and cultural and creative industries. For rural areas to become sustainable in the long-term these sectors must form an integral part of any future rural development strategy, both in Ireland and in Europe. Rural areas

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<sup>1</sup> <https://www.oecd.org/cfe/regional-policy/recommendation-effective-public-investment-across-levels-of-government.htm>

with an ageing population can face labour shortages and higher service provision costs. However, demand for labour in health and social care is high in rural areas and points to the growth potential of secondary and tertiary economies to boost the employment potential of rural areas (OECD, 2018). Despite the significant challenges rural economies currently face, one of the strengths of rural communities are their local networks and co-operative structures which are well placed to adapt to structural changes with the right support (OCED, 2020). Six opportunities for rural regions emerging from the crisis have been identified. Those most relevant to the Irish context are enhancing quality and use of digital tools and broadband in rural regions; momentum to accelerate a just transition towards a low-carbon economy for rural communities and the shift in consuming habits to favour local products and destinations (OECD, 2020). The forthcoming National Economic Plan should incorporate policies to develop these areas.

O'Donoghue et al (2017) have developed an economic strength model to assess the performance of towns, combining unemployment and migration data. The best performing towns and rural areas are, in general, around cities. Conversely, the worst performing towns are more remote, with a band of the weakest towns forming an arc from the South East across the Midlands to the West, North-West and Border regions. Therefore access to concentrated labour markets has had a strong impact on the recovery of rural areas and towns. Proximity to major urban centres is a key influence on rural areas, as those communities and villages within a 60 minute drive of an urban centre have better access to services and can retain and attract a younger population due to employment opportunities (OECD, 2018, O'Donoghue et al, 2017).

Furthermore, rural areas can compensate for lower wages as a high quality of life is often more important in attracting and retaining workers and their families. For these reasons, high quality and connected public transport links and sustainable regional employment opportunities are vital to the future of rural economies. Identifying the needs of communities in terms services is important to ensure a vibrant rural community is sustained in rural areas (NESC, 2021). Investment in improved public services not only makes rural areas more viable and attractive, it is essential for the successful implementation of the National Remote Working Strategy<sup>2</sup>. We welcomed the allocation of €5m to remote working hubs in Budget 2021 as a first step in this direction.

The main driver of Ireland's rural economy has moved from the primarily agricultural to a more diverse base involving services, manufacturing, tourism and other industries. As outlined earlier, Covid-19 has had a devastating impact on some of these sectors and ongoing support is required. Even prior to Covid-19, there were significant difference between the regions in Ireland, and the decision by the European Commission in 2019 to downgrade the Northern & Western region from a "More Developed Region" to a "Transition Region" serves to highlight

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<sup>2</sup> <https://enterprise.gov.ie/en/Publications/Making-Remote-Work.html>

the significant economic difference between regions. The Northern and Western Region has lower disposable incomes, fewer viable farms, less commercial activity and generates less high valued jobs than the other (Northern and Western Regional Assembly, 2019). Removing the distorting effect of Multinational Company activities on the GDP of the Southern and Eastern Regions, shows that despite faring better than the Northern and Western Region, they still face challenges. The policy solutions are those which will support regional growth centres, invest in human capital, enhance regional infrastructure and supporting SMEs in rural communities.

The forthcoming National Recovery and Resilience Plan and the National Economic Plan will reshape our economy and society for the longer term. The investment priorities in these plans must address existing challenges, and also move us towards a more sustainable and balanced form of regional development. Policy areas identified in an Oxford University Report can be adapted to the Irish context and have the potential to put us on a more sustainable economic path and promote sustainable regional development<sup>3</sup>. The report identifies clean physical infrastructure; building efficiency retrofits; investment in education and training; natural capital investment and clean research and development as areas with high potential on both economic multiplier and climate impact metrics. These have obvious implications for Ireland 2040 (Department of Housing, Planning and Local Government, 2017b) and for public policy. Renewable energy and clean energy infrastructure are job intensive and they offer high returns on public investment as they drive down the cost of transition to clean energy. Residential and commercial retrofitting, natural capital spending in areas such as rural ecosystems, biodiversity and expanding parkland are identified as fast-acting climate friendly policies that will have an immediate impact and long-term returns. Natural capital spending is identified as particularly appropriate in current circumstances because worker training requirements are low, many projects have minimal planning and procurement requirements, and most facets of the work meet social distancing norms. These areas should be incorporated into our recovery and economic plans, and the rural development plan 2021-2023.

To ensure viable rural and regional economies into the future means that Government must provide the required support for the provision of public services, investment in micro businesses and small or medium enterprises, innovation, and the sustainable use of natural resources and natural capital in REDZ (Rural Economic Development Zones). REDZ recognise that rural economies are functionally designed around towns and villages of various sizes whose hinterland may cross administrative boundaries. New funding for REDZ is welcome. However *Social Justice Ireland* is of the view that resources available need to be increased and that success requires a community partnership, rather than a Local Authority led model, to be successful. Initiatives such as SMART villages, as promoted by the European Network for Rural Development, should also be actively considered.

<sup>3</sup> <https://www.smithschool.ox.ac.uk/publications/wpapers/workingpaper20-02.pdf>

At county level, the formulation of Local Economic and Community Plans (LECPs) are a positive development, with a six-year timeframe giving an opportunity to take a longer-term view of development. These plans must fit into the National and Regional framework but give counties and communities an opportunity to identify niche areas for development e.g. tourism, food networks, and clusters for specific industries. Hollowing out is a critical issue affecting rural towns as large retail units on the outskirts attract shoppers, leaving traditional shops and businesses vulnerable. Rural economic policies must focus on sustaining, developing, and diversifying existing small enterprises as much as developing new ones. Local Enterprise Offices (LEOs) have a key role to play here.

There are various models for diversification of the agricultural economy, the development of on and off-farm enterprises and niche added value products and outlets. Of particular interest is the growth of “Agriculture of the Middle” which transitions from food supply chains to value-based supply chains, and a resurgence of small co-operatives (Macken-Walsh, 2017).

As outlined earlier, the social and physical infrastructure must be in place to enable rural economies to diversify. Public policy can play a key role here by ensuring flexible education, training and labour market policies for rural areas; it can also ensure that transport policy is focussed on those areas not already well served by links and on incentivising the use of rail transport, particularly for freight transport. This would decrease traffic congestion on the road network and reduce transport emissions.

The on-going challenges facing traditional rural sectors, the impact of Covid-19 and the impact of Brexit, means that the future success of the rural economy is inextricably linked with the capacity of rural entrepreneurs to innovate and to develop new business opportunities that create jobs and income in rural areas.

Structural shifts in employment and manufacturing and other industries combined with ageing and population loss has left many rural communities struggling. The recently announced closure of 103 Bank of Ireland branches across the island and the sale of Ulster Bank will be a further blow to rural employment and rural businesses. A withdrawal of public services (school, postal, health services) can contribute to a community’s decline. Government policy must recognise that low density rural economies are fundamentally different to urban economies and require different policies to meet a different set of opportunities and challenges (OCED, 2018). Ireland has the opportunity to be at the forefront of developing renewable energy, sustainable farming, the circular economy, and protecting and enhancing natural resources.

## **Income**

Supporting rural households to ensure that they have sufficient incomes will be crucial to the future of rural Ireland. This requires both social and economic supports, and broader skills and economic development strategies. About half of

farm families require off-farm income to remain sustainable. While recent gains in agriculture-based incomes have had an impact on the most commercial farms, solutions to the wider income problems require a broader approach for all rural families, combining an economic and social dimension (O'Donoghue, et al., 2014).

The economic recession and restructuring of agriculture led to a narrowing of the economic base in rural areas. Low-paid, part-time and seasonal work and long-term underemployment are significant factors in rural poverty and exclusion (Walsh & Harvey, 2013). The impact of Covid-19 on employment in rural areas has been prolonged and points to the need to integrate income and labour market supports in regional economic policy.

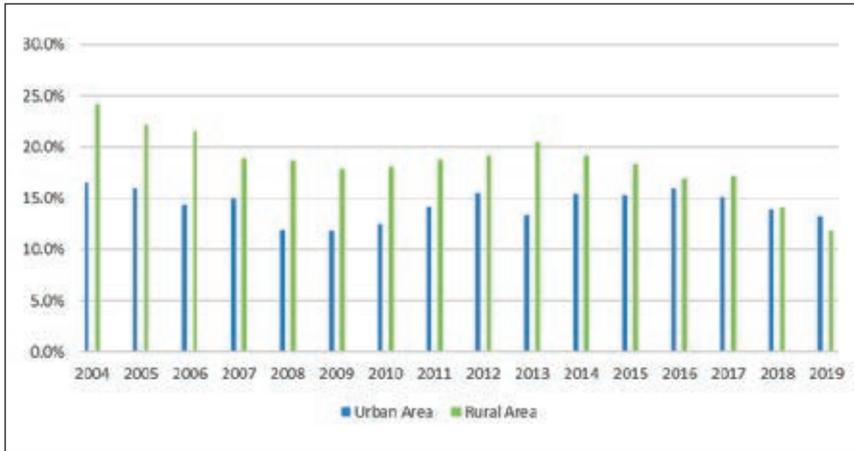
The amount of money required to achieve the Minimum Essential Standard of Living (MESL) is estimated to be just under €50 per week higher for rural couples with children than for their urban counterparts according to the latest MESL figures from the Vincentian Partnership for Social Justice<sup>4</sup>. Higher costs in 2020 related to transport, insurance and fuel. This trend will have been exacerbated by the impact of the pandemic.

A consistent trend over the past decade is the increased at-risk-of-poverty rate in rural areas (see chart 12.3). The latest figures on poverty and deprivation for 2019 from the central statistics office show a welcome reduction in the poverty and deprivation rates for rural areas. This progress is welcome, but it will be challenging to reverse the persistent trend of poverty and deprivation in rural areas, particularly in light of the economic and social impact of Covid-19. The new rural development plan should contain specific policies aimed to address this pattern.

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<sup>4</sup> <https://www.budgeting.ie/publications/mesl-2020/>

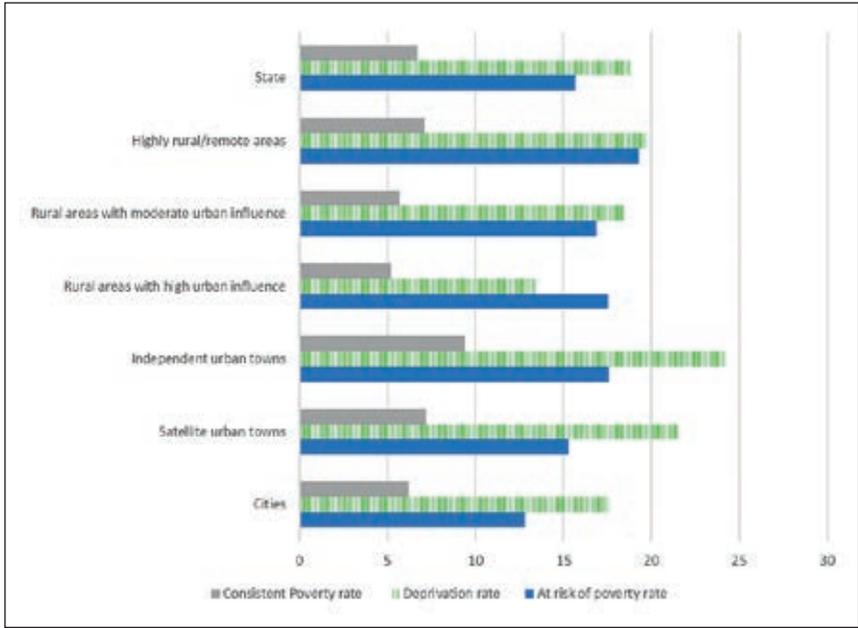
**Chart 12.3:** At Risk of Poverty by Area Type, 2004-2019



Source: CSO PxStat 2020

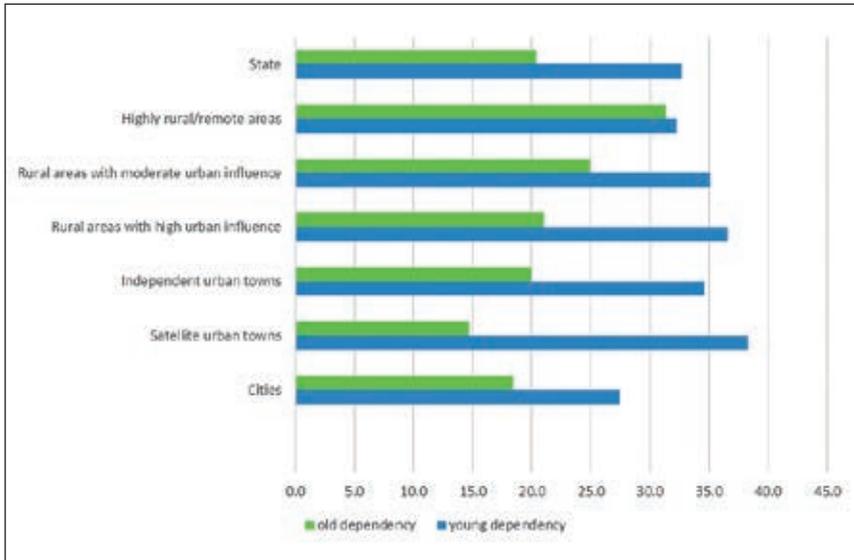
Charts 12.3, 12.4 and 12.5 give an outline of some of the challenges facing rural areas, namely higher dependency ratios and a persistent trend of higher rates of poverty and deprivation. Recent data shows that remote rural areas have the highest total dependency ratio in the State. These areas also have the highest average age in the State, have the highest rate of part-time workers in the State (23.8 per cent) and, at 19.3 per cent, the highest poverty rate (CSO, 2019a).

**Chart 12.4:** Key Indicators of Poverty by Area Type, 2017



Source: CSO Statbank 2019

**Chart 12.5:** Dependency ratios by age group and area type 2016



Source: CSO Statbank 2019

The data in charts 12.2, 12.3, 12.4 and 12.5 give an insight into the challenges that face rural and regional communities. Rural and regional policy has to grapple with issues such as higher poverty rates, lower median incomes, higher dependency ratios, distance from everyday services and a higher rate of part-time employment. It is worth reiterating that our success in implementing policy to address these challenges will determine how well placed rural Ireland will be to respond to other challenges such as the transition to a sustainable society and the future of work.

### Farm Incomes

In 2019 average family farm income was €23,575 (Teagasc, 2020), an increase of one per cent on the previous year. As ever, there was a wide variation in farm incomes, with 28 per cent of farms earning an income of less than €5,000 in 2019, 16 per cent earning between €5,000 and €10,000 per annum and 31 per cent earning between €10,000 and €30,000 per annum. Three quarters of Irish farms earned an income of less than €30,000 in 2019 which points to the ongoing precarious nature of farm incomes, and the viability challenges in the sector.

Average farm income is highest on dairy farms and in the South East region. The Northern and Western region is the most disadvantaged region with the lowest farm income and the highest reliance on subsidies. Some key farm statistics (Teagasc, 2020) include:

- Average family farm income was €23,575 in 2019.
- 44 per cent of farms earned a farm income of less than €10,000 in 2019.
- 54 per cent of dairy farms report an income of more than €50,000 in 2019.
- Dairy farms represent just 17 per cent of the total farm population but account for 49 per cent of total farm income.
- The average direct payment in 2019 was €18,325.
- Direct payments accounted for 132 per cent of all income on sheep farms, 76 per cent of all income on tillage farms and 31 per cent of all income on dairy farms,
- Just 34 per cent of farms are considered economically viable with 33 per cent considered financially vulnerable.
- Just 18 per cent of farms are economically viable in the Norther and Western Region compared with 43 per cent of farms in the South.
- 52.5 per cent of farm households have off farm employment.

These statistics mask the huge variation in farm income in Ireland as a whole. Only a minority of farmers are, at present, generating an adequate income from farm activity and even on these farms, income lags behind the national average. Farm incomes are also inconsistent, as the prices of commodities fluctuate and gains are predicated on expanding dairy production which runs contrary to our climate commitments (c.f. Chapter 11).

The abolition of milk quotas in 2015 has resulted in increased supply of milk from the European Union (EU). Many Irish farmers borrowed to invest to scale up production with the expectation of demand from Russia, China and other world markets. Whilst dairy farming is the most profitable form of farming in Ireland, it has the highest proportion of farms with debt (64 per cent) (Teagasc, 2020) and it is also the most volatile due to price fluctuations and a high dependency on them is not a sustainable way to maintain farm incomes.

It is clear that farming itself is not enough to provide an adequate income for many families as evidenced by the over reliance on direct payments and the number of farmers engaged in off-farm employment. Of further concern is the age profile of those engaged in farming. In 2016, around a quarter of farm holders in Ireland were aged 65 years and over, and just 5 per cent were aged less than 35 years (CSO 2019).

Advances in technology and mechanisation have meant that many farmers can seek alternative ways to generate income. From the mid-1990s, off-farm employment by farmers increased significantly. However, during the recession, many of these jobs were lost. A strong potential has been identified for alternative farm enterprises such as niche tourism and food production. However, these need significant support, and are likely to attract younger and better educated farmers.

Welfare payments also support farmers. In 2019 there were 5,971 families comprising 8,429 adults and 4,643 children receiving the Farm Assist Payment<sup>5</sup>. The Rural Social Scheme (RSS) had 3,169 participants and by extension supported 2,039 children and 1,192 adults in 2019.

The *Foodwise 2025* strategy (Department of Agriculture, Food and the Marine, 2015) plans for significant expansion of the Irish Agrifood sector including the creation of 23,000 additional jobs all along the supply chain from producer level to high-end value-added product development.

The Department of Agriculture (Department of Agriculture, Food and the Marine, 2018) acknowledged the need to break the link between emissions intensity and food production in 2018; a reflection of the fact that agriculture is the highest contributor to Ireland's GHG emissions. Progress in this area has been incredibly slow and, as already noted, continuing to pursue an expansionist agricultural policy is at odds with reducing our greenhouse gas emission

Brexit has already created instability across the sector. It poses a significant threat to both farm incomes and incomes in rural areas in general. It is important that adequate supports are put in place to facilitate all stakeholders in Agrifood to deal with this potential volatility. It is vital that the AgriFood Strategy to 2030 reflects the impact of Brexit and Covid-19 and the need to move to more sustainable agricultural practices with short supply chains and following the 'Farm to Fork' principles in order to reduce our emissions and ensure that our land management is sustainable<sup>6</sup>.

It is vital that investment in infrastructure in the regions and rural areas is expedited to ensure rural economies can diversify and adapt to support thriving rural communities. A step change in policy is required, focussed on building sustainable and viable rural communities, including farming and other activities. In implementing this policy there needs to be significant investment in sustainable agriculture, as well as rural anti-poverty and social inclusion programmes, in order to protect vulnerable farm households in the transition to a rural development agenda.

The Central Bank published a paper on the uncertain outlook for Irish Agriculture in 2019 (Conefrey, 2019). This analysis shows that beef and sheep farms (around 7 out of every 10 farms) face significant viability challenges and are heavily reliant on direct payments. The West, Mid-West and Midland regions are more exposed to

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<sup>5</sup> <https://www.gov.ie/en/publication/02f594-annual-sws-statistical-information-report/>

<sup>6</sup> [https://ec.europa.eu/food/sites/food/files/food\\_farm2fork\\_20191212\\_qanda.pdf](https://ec.europa.eu/food/sites/food/files/food_farm2fork_20191212_qanda.pdf)  
The Farm to Fork Strategy aims to ensure farmer' and fishers' position in the value chain, encourage sustainable food consumption and promote affordable and healthy food for all. The principles of the strategy are designed to support all three aspects of sustainability – economic, environmental and social.

negative shocks. The report concludes that low profitability and a high reliance of farm incomes on direct payments represent an important weakness in the sector and provides the context in which all other risks facing Irish agriculture should be considered. Any future negative shock – even one less material than Brexit – would further expose the underlying weaknesses in the sector.

## **Rural Development**

With just under one third of Ireland’s population classified as ‘rural’ (CSO, 2019a) it is important that our national development policy reflects this and addresses the particular challenges rural communities face. To date, development has predominantly focussed on Dublin and the surrounding region. In order for rural communities to thrive it is vital that *Ireland 2040 the National Planning Framework* (Department of Housing, Planning and Local Government, 2017a) and *Ireland 2040 National Development Plan* (Department of Housing, Planning and Local Government, 2017b) focus on ensuring future development is balanced and not focussed solely on Dublin or the east of the country. *Ireland 2040* acknowledged the present imbalance but significant policy shifts at governance level are required if we are to have a more balanced development.

The OECD (2018) identified six main drivers influencing the future of rural areas. These are:

- Population ageing and migration.
- Urbanisation.
- Global shifts in production.
- The rise of emerging economies.
- Climate change and environmental pressures, and
- Technological advancement.

Rural development policy must be cognisant of these drivers of change and the opportunities and the challenges that they present.

In 2019 the OECD published eleven principles that should underpin rural policy (OECD, 2019). These principles should form the basis of Ireland’s next rural development policy currently being drafted by Government.

1. Maximise the potential of all rural areas.
2. Organise policies and governance at the relevant geographic scale.
3. Support interdependencies and co-operation between urban and rural areas.
4. Set a forward-looking vision for rural policies.

5. Leverage the potential of rural areas to benefit from globalisation, trade and digitalisation.
6. Supporting entrepreneurship to foster job creation in rural areas.
7. Align strategies to deliver public services with rural policies.
8. Strengthen the social, economic, ecological and cultural resilience of rural communities.
9. Implement a whole-of-government approach to policies for rural areas.
10. Promote inclusive engagement in the design and implementation of rural policy.
11. Foster monitoring, independent evaluation and accountability of policy outcomes in rural areas.

Each of these eleven principles was accompanied by a number of sub-actions. Some examples of the types of policies that could be considered under these eleven principles are:

- Adapting policy responses to different types of rural regions including rural areas close to cities and remote rural areas. This would require a more flexible policy system to enable local adaptation to local issues and a stronger role for local elected representatives and Public Participation Networks, among others.
- Implementing rural policies at different scales that match with, for example, local services, labour supply and food chains and adapting them based on current and future needs. This would see collaboration between local agencies, employers, the community and voluntary sector, trade unions, and local and regional academic facilities in collaboration with the REDZ.
- Encouraging the efficient and effective provision of public services and infrastructure to maintain quality and accessibility, address market failures, and respond to emerging needs, especially in under-served rural communities. The rollout of rural proofing as referenced earlier in the chapter is vital in this regard.
- Improving wellbeing for rural dwellers across economic, social and environmental objectives. The OECD Wellbeing Indicators and the Visions for Community Wellbeing of the Public Participation Networks could be used as a basis for these objectives.
- Promoting integrated spatial planning that considers factors such as environmental quality, climate change mitigation and adaptation, and population ageing and out-migration.
- Connecting rural people and firms with lifelong educational training opportunities and skills upgrading in a variety of academic and employment settings.

- Developing smart rural villages and towns by promoting digitalisation, which requires the rollout of broadband. The REDZ and regional skills fora could have a significant role in promoting these initiatives and their rollout.
- The bioeconomy has been identified by the OECD and the European Commission as an area of economic and environmental potential for rural areas where decarbonisation can be pursued while creating rural jobs. The bioeconomy, sustainable food, and tourism systems are all areas which should be earmarked for investment.
- Ensuring that rural areas have institutional capacity, good governance, and funding to fulfil their roles and deliver high quality of life for residents, from youth to seniors. This requires investment in local government, in capacity building for the community and voluntary sector, and recognition of the value of dialogue and cooperation at local level.
- Engaging a diversity of stakeholder voices, including those that are under-represented and/or marginalised, in the policy process and empowering local and regional stakeholders to be partners in policy elaboration. An ongoing place-based dialogue with a diversity of stakeholders could ensure that rural areas and regions are well placed to meet the challenges of adapting to transition and the changing world of work.

### ***National Planning Framework***

A sustainable society requires balanced regional development. The proportion of the population living in and around Ireland's capital city is already very high by international standards, and this is projected to continue growing. Dublin already accounts for half of economic output in Ireland (Morgenroth, 2018), yet we have continued to model our growth path, and design our public services, in a way that encourages, rather than discourages, such concentration. By continuing to locate a disproportionate amount of our best health, education, and cultural institutions in Dublin, we have driven a model of development that precludes the kind of regional balance required for Ireland to thrive. This must change.

*Project Ireland 2040* (DHPLG, 2017a) is the National Planning Framework (NPF) to cater for the population increases and changing demographic patterns which are projected for Ireland over the next two decades. The Framework is linked to a 10-year investment plan, the *Project Ireland 2040 National Development Plan 2018-2027* (DHPLG, 2017b).

The Framework recognises that economic activity, infrastructure provision, and population growth has been uneven across Ireland's three regions – Northern and Western, Eastern and Midland (including Dublin) and Southern. It advocates for a more balanced approach with parity of future development across the regions. It aims to enhance regional accessibility and strengthen rural economies and communities, promoting sustainable resource management and a transition to a low carbon society. It envisages that 70 per cent of population growth will occur

outside Dublin, with Cork, Limerick, Galway and Waterford growing by 50 per cent and becoming cities of scale for their hinterlands. Sligo in the North West and Athlone in the Midlands will develop as regional centres. In the context of Brexit and beyond, there will be a focus on Letterkenny and Drogheda/Dundalk.

Outside the main cities and their hinterlands, the plan is to develop towns with populations of greater than 10,000 (20-25 per cent growth). It further seeks to limit urban and rural sprawl by concentrating development on underused spaces within current town and village boundaries.

By contrast, growth in small towns and rural areas is targeted to an average of 15 per cent. Overall, this will result in increased urbanisation and suburbanisation, and a reduction in the rural population. This may be a sensible approach from a planning perspective, given the cost of service delivery to areas of low population density. However, from a social perspective, it risks the atrophy of many rural communities, and the further isolation of their inhabitants, unless coherent plans are both put in place and implemented to support rural dwellers. As outlined earlier, the distance that many people in rural areas have to travel to access everyday services has the potential to further increase rural isolation.

A fund of €1 billion has been allocated to rural regeneration over the next 10 years, covering areas such as infrastructure deficits, development of town and village centres, creating enterprise spaces and digital hubs, and promoting tourism and heritage. However it is apparent that this is not all new funding and the aim is to incorporate many existing funds (e.g. RAPID, CLAR, REDZ) under this umbrella.

Unfortunately, no matter how equally spread future growth may be, unless positive action is taken it will only reinforce the current disparities between the regions, especially between Dublin and its hinterland and the remainder of the country. In addition, these regions are by no means homogenous, and measuring progress at this level may mask further inequalities between predominately urban and mainly rural sub-areas.

The Framework will be underpinned by three Regional Spatial and Economic Strategies (RSES) (currently under consultation). Where relevant Metropolitan Area Strategic Plans (MASP) will be devised for the major cities and their hinterlands. The RSESs and MASPs will be further localised via a hierarchy of sub-regional plans, county development plans, sectoral strategies and finally local area plans. National Policy Objective 70 within Ireland 2040 contains a welcome acknowledgement that MASPs will be prepared where towns and their hinterlands straddle two different local authority areas. All these tiers will have to comply with the overall framework going forward. Thus, the fundamental thrust of Ireland 2040 will have a major impact on the fabric and quality of life across Ireland, and especially in its regions and rural areas.

Overall *Social Justice Ireland* welcomes the Framework as a comprehensive long-term plan, and its coupling with a ten-year investment plan. However, it is essential that an implementation plan is drawn up quickly, and that investment is frontloaded to the areas of greatest disadvantage, and at greatest risk. The implementation plan must ensure that housing, access to employment, and access to health, education and care services are all served by an efficient and comprehensive public transport system. This includes rural communities, and especially those which are distant from the designated centres of growth. Citizens must have an opportunity to participate actively in the development of the regional, county and local implementation plans via the Public Participation Networks (PPNs, c.f. Chapter 10) and other mechanisms.

### ***Action Plan for Rural Development***

The *Action Plan for Rural Development – Realising our Rural Potential* was published in early 2017 (Department of Arts, Heritage, Rural, Regional and Gaeltacht Affairs, 2017). It was a very welcome development to see a clear focus on rural issues by Government. Drawing much of its basis from the 2014 Report from the Commission for the Economic Development of Rural Areas the plan describes 297 actions under the five pillars of

- Supporting Sustainable Communities.
- Supporting Enterprise and Employment.
- Maximising our Rural Tourism and Recreation Potential.
- Fostering Culture and Creativity in rural communities.
- Improving Rural Infrastructure and Connectivity.

Working to a timeframe of 2020 it aimed to support 135,000 new jobs, revitalise 600 towns and villages, support community projects and ensure all homes and businesses are connected to broadband. The Government has yet to publish the plan for Rural Development 2021-2023 although extensive consultation took place in 2019 and 2020. The new plan will have to address the ongoing issues raised in this chapter and must have the necessary political support and resourcing to sustainable communities, support enterprise and employment and to improve rural infrastructure and connectivity.

In order to support vibrant rural communities, a just transition that leaves no one behind, and to fully address the new and old challenges rural areas and our regions face the following regional and rural policy priorities would be appropriate in the Rural Development Plan 2021-2023:

- Public investment choices should be linked to a development strategy based on assessment of regional (or local) characteristics, competitive advantages, growth, innovation, and job creation potential, and considerations of equity and environmental sustainability. REDZ can play a key role here.

- Engage with all stakeholders (public, private sector, trade union, environment, farming and civil society) in the design and implementation of public investment strategies to enhance social and economic value, and to ensure accountability.
- Adapt policy responses to different types of rural regions including rural areas close to cities and remote rural areas. This would require a more flexible policy system to enable local adaptation to local issues and a stronger role for local elected representatives and Public Participation Networks, among others.
- Implement rural policies at different scales that match with, for example, local services, labour supply and food chains and adapting them based on current and future needs. This would see collaboration between local agencies, employers, the community and voluntary sector, trade unions, and local and regional academic facilities in collaboration with the REDZ.
- Encourage the efficient and effective provision of public services and infrastructure to maintain quality and accessibility, address market failures, and respond to emerging needs, especially in under-served rural communities. The rollout of rural proofing as referenced earlier is vital in this regard.
- Improve wellbeing for rural dwellers across economic, social and environmental objectives. The OECD Wellbeing Indicators<sup>7</sup> and the Visions for Community Wellbeing of the Public Participation Networks<sup>8</sup> could be used as a basis for these objectives.
- Promote integrated spatial planning that considers factors such as environmental quality, climate change mitigation and adaptation, and population ageing and out-migration.
- Connect rural people and firms with lifelong educational training opportunities and skills upgrading in a variety of academic and employment settings.
- Develop smart rural villages and towns by promoting digitalisation, which requires the rollout of broadband. The REDZ and regional skills fora could have a significant role in promoting these initiatives and their rollout.
- The bioeconomy has been identified by the OECD and the European Commission as an area of economic and environmental potential for rural areas where decarbonisation can be pursued while creating rural jobs. The bioeconomy, sustainable food, and tourism systems are all areas which should be earmarked for investment.
- Ensure that rural areas have institutional capacity, good governance, and funding to fulfil their roles and deliver high quality of life for residents, from youth to seniors. This requires investment in local government, in capacity

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<sup>7</sup> <https://www.oecd.org/statistics/measuring-well-being-and-progress.htm>

<sup>8</sup> <https://www.socialjustice.ie/content/civil-society-policy/vision-community-wellbeing-resources>

building for the community and voluntary sector, and recognition of the value of dialogue and cooperation at local level.

- The refocusing of the CAP budget to climate action presents an opportunity for farmers to invest in sustainable forms of agriculture and the Farm-to-Fork Strategy has the potential to deliver on short supply chains for farmers, and address some of the issues of product pricing for Irish farmers.
- Engage a diversity of stakeholder voices, including those that are under-represented and/or marginalised, in the policy process and empowering local and regional stakeholders to be partners in policy elaboration. An ongoing place-based dialogue with a diversity of stakeholders could ensure that rural areas and regions are well placed to meet the challenges of adapting to transition and the changing world of work.

### ***Rural Development Programme***

The next iteration of the Irish Rural Development Programme (RDP) will be determined by the final allocations in the European Commission Common Agricultural Policy (CAP) budget. The previous programme was predominantly focussed on agriculture and supporting the agri-food sector. In order to fulfil the objectives of Pillar II of CAP on rural development and environmental protection then a greater proportion of the budget must be given to these measures. LEADER is the programme that promotes social inclusion, economic development, and environmental measures in rural areas and it must get a greater allocation of funds in the next round. There must also be a more coherent policy focus and looking at areas of market failure in terms of services provision that the state must address, and what LEADER programme can support the ambitions stated in the Programme for Government to move to a more sustainable economic model, balanced regional development and carbon neutrality. The programme should be fully aligned the rural development plan 2021-2023 and the regional and rural policy priorities outlined earlier should inform the design of this programme,

Government has a key role to encourage and stimulate projects which have the capacity to address core issues including rural poverty and a just transition to a low carbon future in rural areas. A reduction in the complexity and bureaucracy of the LEADER programme would also facilitate disadvantaged and less-well resourced groups to apply for funding. Arresting rural decline requires urgent action and resources. Government will have to increase investment in the development of rural areas through an increased contribution of national income. Given the scale of the challenge, a far more substantial Government response is required to support communities to create real bottom-up solutions.

### **Infrastructure and services**

The removal of services and associated resources from rural areas makes it increasingly difficult to maintain viable communities. Government must develop policies to deal with the new challenges an ageing population brings to rural areas in relation to health services, social services and accessibility for older and

less mobile people. The most effective way of delivering appropriate services is to work in real partnership with local communities. The PPNs are a formal way for Local Authorities to engage with communities and develop such a collaborative approach (c.f. Chapter 10).

The inadequate provision of public services in rural areas in the context of a falling and ageing population is a cause for concern. Following increased levels of emigration in the period 2009-2015, those who are more reliant on public services (the elderly, children and people with disabilities) make up a greater proportion of the rural population than previously. Decisions need to be made regarding the provision and level of public services in rural areas, including the level of investment needed in areas such as childcare, care for adult dependents and older people, and public transport.

Some European countries adopt the equivalence principle for the provision of services in rural areas, which decrees that public services in rural areas should be of an equivalent quality to those in urban areas. Walsh and Harvey (2013) propose that this would be a useful guide for investment in an Irish context. As outlined earlier in this chapter the average distance to most everyday services for rural dwellings was at least three times longer than for urban dwellings (CSO, 2019b). A further breakdown of this analysis shows that the average distance to a public bus stop in 'highly rural/remote areas' is, at 7.1 km, 17 times longer than the average distance of 0.4 km in cities. The average distance to a train station in 'highly rural/remote areas' is 47.3 km, 14 times longer than in 'cities' where it is 3.3 km. The average distance to a HSE adult emergency department is 20.1km in Ireland, with the shortest average distance of 4.4 km in cities and the longest of 45 km in 'highly rural/remote areas'. These are all issues that should be considered when planning public services and infrastructure. Interestingly, six out of ten people (approximately 2.9 million) lived within 2 km of a post office which should inform the debate of the future of post offices and the potential expansion of services that could be made available through post offices.

### ***Transport***

The lack of an accessible, reliable and integrated rural transport system is one of the key challenges facing people living in rural areas. Car dependency and the reliance of rural dwellers on private car access in order to avail of public services, employment opportunities, healthcare, and recreational activities is a key challenge for policy makers. (For a more detailed discussion of public transport, see Chapter 9).

The lack of an integrated public transport system connecting more remote areas to major urban centres has a significant impact on quality of life and the ability to generate sustainable employment outside of urban centres. It particularly impacts on people on low incomes, those with a disability, or the elderly, who may not have access to a car and therefore depend on public transport. The recent increase in carbon tax will have a significant impact on rural dwellers if transport alternatives

are not put in place. At present the majority of people living outside of urban areas have no choice but to use a car to commute.

Offering real connectivity to rural dwellers will require innovative and local approaches, some of which are presently hampered by licencing and insurance issues which could be resolved by Government. The reconfiguration of rural transport giving rise to Local Link is welcome, however sustained and increased investment is required and this is not apparent in *Ireland 2040*.

### ***Broadband***

Lack of quality broadband is a considerable barrier to the sustainable development of rural Ireland. Fast reliable broadband is required for economic and social functions. Whether for farmers to make returns, for businesses to operate and develop, or for people to access information and services, quality broadband is a necessity. The broadband gap between urban and rural areas is an international phenomenon (Salemink & Strijker, 2017). They note that public policy often lags behind fast moving technological developments and that generic policies in this area tend to neglect specific local needs.

Census 2016 shows that only 61 percent of rural households had broadband access as opposed to 76 percent in urban areas. However, this data does not give the connection speed and the major urban areas can access speeds of up to 100mbps compared to 2-10 mbps in rural areas. Access to Information and Communication Technology (ICT) is discussed in more detail in Chapter 9.

The employment commitments in Government's action plan for rural development – *Realising our Rural Potential*<sup>9</sup> – are heavily reliant on the provision of reliable, quality, high-speed broadband. The Public Service Reform strategy includes a commitment to accelerate the digital delivery of services. Retaining the best qualified young people within rural Ireland is also dependent on the availability of high-speed broadband for both quality local employment and social activity. The commitment of Government to roll out the fibre infrastructure to provide broadband to areas which will not be served by commercial operators is welcome. However, the commitment to between 30mbps and 40mbps broadband speed in rural areas contained in the National Broadband Plan for Ireland is insufficient to encourage diversification and economic growth.

The *National Broadband Plan* was launched in 2012, and following a review of the tendering process, the contract with the 'preferred bidder' was finally signed in November 2019. In the intervening period rural dwellers and rural businesses have been, and will continue for some time to come to be, disadvantaged. Government must proactively address the issue of universal quality broadband provision

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<sup>9</sup> <https://www.gov.ie/en/publication/091dba-realising-our-rural-potential-action-plan-for-rural-development/>

in a sustainable way which is not dependent on the commercial priorities of multinational companies.

## 12. 2 Key Policies and Reforms

### Rural development

The Commission for the Economic Development of Rural Areas (2014) adopted a holistic definition of rural areas as those areas being outside the main metropolitan areas and recognises the relational nature of economic and social development and the interconnections between urban and rural areas. *Social Justice Ireland* considers this the most appropriate starting point for rural development policy in Ireland today.

Low density rural economies are fundamentally different to urban economies and as such require different policies to meet a different set of challenges and opportunities (OECD, 2018). Rural areas and small villages are connected and networked to the local regions and these local regional economies are dependent on interaction with the rural areas they connect with for sustainability (Walsh & Harvey, 2013).

Given this interconnection it is important that rural and regional development is integrated to support sustainable local economies and to ensure that local services are utilised most effectively to address the specific needs of a particular region and the rural communities within it. Rural development that is appropriate for the challenges faced requires a step change in how we develop policy in Ireland. *Social Justice Ireland* proposes that rural development policy should be place-based, reflect the strengths, assets and challenges of the region, and have multi-stakeholder input.

The question we must answer is who is best placed to make and implement policy decisions for rural areas? There is an urgent need to deliver more balanced regional development, and local authorities in conjunction with key local stakeholders can play a major role if they are given the requisite powers and functions.

They must have greater control over funding and the ability to adapt policy to meet regional needs. Local Authorities, civil society, Government Departments, enterprise and industry, PPNs, the community and voluntary sector and others must be involved in delivering place-based rural development policy. Capacity building for all stakeholders at local level is required to ensure that this form of policy development is successful. Investment in capacity building will make rural communities more resilient to external shocks and help to underpin the implementation of rural development policy.

Capacity building will also be vital to implementing appropriate mitigation and transition programmes to support rural communities in the transition to a low carbon society.

The OECD recommends that rural development policy be underpinned by a concept of wellbeing as defined by three multi-dimensional objectives: economic, social and environmental (OECD, 2018). Developing policy via this framework means that household income, access to a broad set of services, and a cohesive community in a pleasant local environment are all key considerations of rural development policy. Support for the community and voluntary sector and social enterprise is recognised as an important way to enhance wellbeing in rural communities and should continue to be resourced. Earlier in this chapter the eleven OECD principles underpinning rural development are outlined, along with some examples of how these might be implemented at a policy level. These principles should inform Government's thinking on rural and regional policy development.

A sustainable economy requires balanced regional development. Government must move to correct the growing disparity in the standard of living and the distribution of population between rural and urban Ireland. This means finding a balance between urban and rural development and ensuring that investment and economic activity is spread broadly across the regions, and not concentrated entirely on Dublin and surrounding areas.

Investment is one of the main instruments for rural development. Public investment policy should prioritise investment in human capital, infrastructure and innovation. Public investment is vital for rural development, not least to mitigate the market failure in the provision of certain goods and services (OECD, 2018). Government must invest to ensure wellbeing in rural areas is improved and address market failure in the delivery of infrastructure and services, especially broadband and transport. Public policy should facilitate connections between remote communities in rural regions to prevent isolation and improve service delivery.

Government should ensure that rural development policy is place-based, reflecting the strengths, assets and challenges a region faces, and have multi-stakeholder input. It should be underpinned by a concept of wellbeing defined by three multi-dimensional objectives: economic, social and environmental, as recommended by the OECD. Developing policy via this framework means that household income, access to a broad set of services, and a cohesive community in a pleasant local environment are all key considerations of rural development policy.

## **Agriculture**

The European Commission's proposals for the CAP for 2021 to 2027 stipulate that at least 40 per cent of the CAP's overall budget and at least 30 per cent of the Maritime Fisheries Fund would contribute to climate action. This will have implications for Irish agriculture and fisheries as the new system will incentivise more sustainable

practices. However, the new CAP will also have a reduced budget meaning there are less funds to be allocated within Ireland. The Green New Deal and the Farm to Fork Strategy will inform the priorities for the next iteration of CAP. The Commission's Farm to Fork Strategy is focussed on the transition to a sustainable food system based on circular economy principles. It is focussed on reversing biodiversity loss, mitigating climate change, ensuring access to nutritious food and generating fair economic returns, reducing food waste and introducing sustainable food processing and short supply chains<sup>10</sup>. Irish agriculture policy should be at the forefront of developing short supply chains in order to progress the 'Farm to Fork' proposal. This would not only assist farmers in negotiating a fair price for their produce, it would also ensure consumers have access to locally produced food which is more sustainable in the long term.

Sustainable land management is crucial to Ireland moving to more sustainable agricultural practices. The IPCC defines sustainable land management as the use of land resources to meet changing human needs while ensuring the long-term productive potential of these resources and the maintenance of their environmental functions. The adoption of sustainable land management would reward sustainable forms of agriculture, put Ireland in a good position for the next round of CAP negotiations and acknowledge the role of farmers as custodians of this vital national asset. Ireland will have to adapt to this new reality and sustainable agricultural policies, sustainable land management, protecting biodiversity and rural social and economic development guiding policy.

### **Retraining and skills development**

In order to access employment, workers require the right skills. *Realising our Rural Potential* highlights the coordinated strategies between the Local Enterprise Offices, Education and Training Boards, the Apprenticeship Council, SOLAS, and local businesses as a key policy instrument to ensure that rural workers have the skills required to take up or create quality employment in their local area.

Apprenticeships and traineeships have the potential to address unemployment, particularly among older workers and NEETS (young people Not in Education, Employment or Training). Including older workers in traineeships and other active labour market programmes is an important policy tool (OECD, 2014). In this regard it is important that the revised apprenticeship and traineeship programme launched in 2017<sup>11</sup> is promoted as open to all age groups.

Investing in up-skilling lower skilled workers in rural regions has a greater impact on regional economic development than investing in increasing the number of highly skilled workers there (OECD, 2014). Focussed investment in education and training for people in low skilled jobs or those unemployed in rural areas as part

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<sup>10</sup> [https://ec.europa.eu/food/farm2fork\\_en](https://ec.europa.eu/food/farm2fork_en)

<sup>11</sup> Further information on this is available at <https://www.education.ie/en/Press-Events/Press-Releases/2017-Press-Releases/PR17-12-08.html>

of an overall regional employment strategy aimed at generating sustainable jobs should be an integral part of rural development policy.

As with many other aspects of rural development, decent broadband and transport systems are required to enable rural dwellers, particularly those on low incomes, to access education and skills development opportunities.

As discussed in Chapter 8, digital transformation will have a significant impact on the employment landscape. A recent OECD report on Wellbeing in the Digital Age (OECD, 2019b) found that 14 per cent of all jobs are at high risk of being lost due to automation, with another 32 per cent at risk of significant change over the next 10 to 20 years. This means that nearly half of the labour force will be impacted by changes to their jobs as a result of automation by 2040. Our training and skills development policy must be adapted to meet this challenge to ensure that our regions and communities have the necessary supports in place to ensure that they can adapt to meet this challenge.

### **The future of work**

A report by the Spatial and Regional Economics Research Centre at University College Cork, *Automation and Irish Towns: Who's Most at Risk*, found that two out of every five jobs in Ireland are at high risk of automation (Crowley and Doran, 2019). The report also found that the level of exposure to automation across Ireland is wide-ranging, spanning towns across all four provinces. In some towns, 58 per cent of all employment was considered to be at high risk of automation, while other towns had a lower risk of just 26 per cent. Towns where employment is dominated by agriculture and manufacturing are most at risk to the impact of automation on current employment. The report recommends that regional and local coordination strategies across towns are developed to meet this challenge. The spatial pattern of job risk to automation requires a flexible, localised approach to policy intervention.

A report by SOLAS (SOLAS, 2020) found that 373,500 people in Ireland are employed in occupations which were considered at high risk of automation. The six groups with the largest number of persons employed whose jobs were at high risk of automation were; operatives & elementary, sales & customer service, administrative & secretarial, hospitality, agriculture & animal care and transport & logistics. The jobs at high risk of automation are assemblers & routine operatives, process operatives, cleaners, warehouse operatives, drivers, farmers, kitchen & catering assistants, waiters, financial, government & other administrators, construction operatives and sales assistants. Monaghan had the highest share employed in these occupations, followed by Cavan, Longford, Tipperary and Wexford. Overall the report found that Dublin and its bordering counties had the lowest exposure to automation risk in these groups, while counties facing higher levels of exposure were located throughout each province.

There have been a number of international studies on the impact of automation and robotics globally. Generally, these studies find that tens of millions of existing

jobs will be lost, and that new jobs will be created, many in yet-to-exist industries. The challenge we face is that the jobs that will be created will not necessarily be in the same regions where job losses will be felt. This is an issue that has not received as much attention as it deserves. A report released from Oxford Economics (2019) found that robotics and automation displace nearly twice as many jobs from lower income regions compared to high income regions within the same country. Those regions most vulnerable to job losses are generally most distant from the wealthiest parts of the country. The report also found that automation will continue to drive regional polarisation and exacerbate income inequality. One significant finding from the report concerns the study of job moves of 35,000 workers over the course of their careers in the United States. More than half of those workers who left production jobs moved into three occupational categories: transport, construction and administration. These three occupational areas are among the most vulnerable to automation over the next decade.

Low skilled workers and struggling local economies will bear the brunt of automation and will feel the impact of unemployment and income inequality the most. In order to prepare for this Government must invest in the regions, particularly infrastructure and social and human capital, to ensure that we can meet the upheaval and adapt to the changes that are coming our way.

### **Dialogue supporting transition and adaptation**

In order to develop a sustainable society, services and infrastructure must be well-planned and capable of adapting to the changing needs of the population over time. This means that policy planning and design should, from the very beginning, include potential future changes, and as far as possible should be designed with these in mind. Rural areas are among those that will be most impacted by the transition to a carbon-neutral society. They will also be impacted by the potential changes of technology and automation on employment and the future of work. An ongoing dialogue on how to support transition and adaptation is essential to ensure that vulnerable rural communities are protected, supported to meet future challenges, and not disproportionately impacted.

An on-going social dialogue structure at regional and national level is required to ensure the appropriate services and infrastructure are delivered, and that there is ongoing public support for the pathway by which these services and infrastructure will come on-stream. This dialogue should also focus on what is required to transition Ireland to a low-carbon future, and how such services and infrastructure can be delivered and managed in a sustainable way. This requires input from all stakeholders. Such a mechanism would ensure that there is support and understanding as to how services and infrastructure are to be resourced and rolled out at local, regional and national level.

A robust social dialogue process provides a structure where current and future challenges can be addressed in a positive manner, acknowledging the task ahead, where reasoned and evidence-based debate forms the basis for decision-making,

and where all stakeholders are included in the decision-making process. This dialogue should be built into any Just Transition framework with the appropriate mechanisms, supports and investment at all levels.

### 12.3 Key Policy Priorities

According to the OECD, rural areas will play a central role in meeting the major global opportunities and challenges we face. They can be key leaders in developing new energy sources to meet climate challenge, innovation in food production to meet needs of a growing population, and the provision of natural resources to enable the next production revolution (OECD, 2018).

*Social Justice Ireland* believes that the following policy positions should be adopted to promote balanced rural and regional development:

- Ensure that investment is balanced between the regions, with due regard to sub-regional areas.
- Ensure rural development policy is underpinned by social, economic and environmental wellbeing.
- Prioritise rolling out high speed broadband to rural areas.
- Invest in an integrated, accessible and flexible rural transport network.
- Ensure that sustainable agriculture policy, sustainable land management, and short supply chains for farmers and consumers form the basis of future agricultural policy.
- Ensure that development initiatives resource areas which are further from the major urban areas to ensure they do not fall further behind.
- Invest in human capital through targeted education and training programmes, especially for older workers and those in vulnerable employment.
- Establish a Just Transition and Adaptation Dialogue to ensure rural areas are not disproportionately impacted by low carbon policies and are supported to meet the challenges posed by the future of work.
- Prepare for the potential impact of technology on the future of work by investing in the regions and ensuring the necessary social, infrastructural and human capital supports are in place to manage any upheaval.
- Provide integrated supports for rural entrepreneurs, micro-enterprises and SMEs.
- Ensure public service delivery in rural areas according to the equivalence principle.

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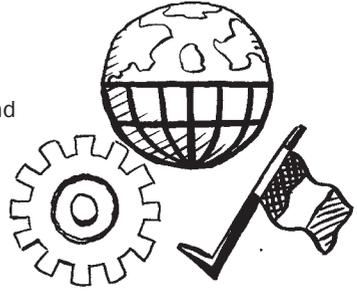
## Chapter thirteen

## Chapter 13

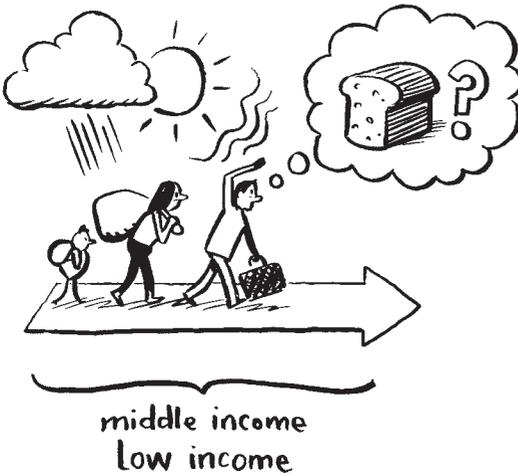
### Global South

#### Core Policy Objective:

To ensure that Ireland plays an active and effective part in promoting sustainable development in the Global South and to ensure that all of Ireland's policies are consistent with such development.



#### Key Issues/Evidence



The effects of climate change have increased the vulnerability of many communities leading to enforced migration, internal displacement, poverty, hunger and even death. Food production is a huge challenge for communities constantly forced to move.



Nine out of ten countries most at risk of extreme weather are developing countries in the low income or lower-middle income country groups.



Supporting developing countries to develop and implement just taxation systems would give a huge boost to local social and economic activity. Ireland's taxation system should facilitate and not hinder this process.

# UN Target

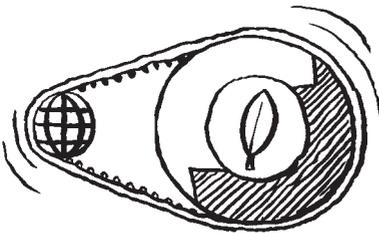
0.7% GNP

to Overseas Development Assistance

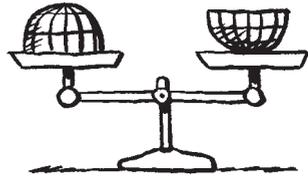
Renew Government's commitment to meet the United Nations target of contributing 0.7 per cent of national income to ODA by 2030 and set a clear pathway to achieve this.



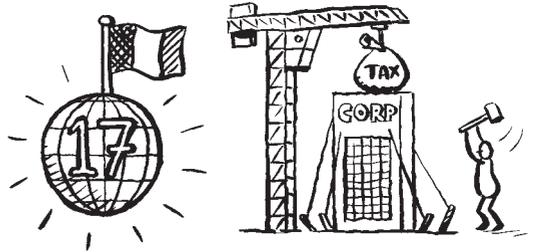
Ensure that Irish businesses operating in developing countries – in particular Irish Aid country partners – are subject to proper scrutiny and engage in sustainable development practices.



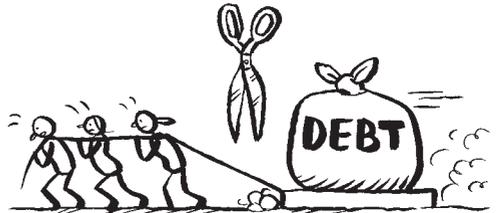
Work for changes in the existing international trading regimes to encourage fairer and sustainable forms of trade.



Take a far more proactive stance at government level on ensuring that Irish and EU policies towards countries in the Global South are just.



Play a prominent role in the support and implementation of the Sustainable Development Goals. In particular work with other governments to end the race to the bottom on corporate tax rates.



Continue to support the international campaign for the liberation of the poorest nations from the burden of the backlog of unpayable debt.



Take a leadership position in international arenas to encourage funding for programmes and research aimed at mitigating and resolving the AIDS/HIV crisis.

## 13.

## THE GLOBAL SOUTH

**Core Policy Objective: THE GLOBAL SOUTH**

To ensure that Ireland plays an active and effective part in promoting sustainable development in the Global South and to ensure that all of Ireland's policies are consistent with such development.

In the Foreword to the United Nations Human Development Report (2020) – *The Next Frontier, Human Development and the Anthropocene* - Achim Steiner notes

“Humans have achieved incredible things, but we have taken the Earth to the brink. Climate change, rupturing inequalities, record numbers of people forced from their homes by conflict and crisis—these are the results of societies that value what they measure instead of measuring what they value.”

He points to the fact that human pressures on the planet have become so great that scientists are considering whether the earth has reached a new geological epoch – the Anthropocene. We are the first people to live in an age defined by human choice, where the dominant risk to our survival is ourselves (United Nations, 2020, p. iii).

The 2020 UN Report is inescapably written in the context of the pandemic, a virus quickly spread around the globe due to our increasingly interconnected world, but whose impacts have very different consequences for wealthier nations, first in line for vaccinations and with access to better healthcare and living conditions than those in the Global South. However, the Report does not lose sight of the crises in being before the pandemic. Climate change, which has caused extreme weather events in Australia, the Brazilian Pantanal, eastern Siberia, and the West Coast of the United States, remains the defining crisis of our time. If, the Report asks, we are entering a new epoch where humans can define the shape of our planet, what should that shape look like? Do we want to return to “normal” (whatever that may be) or should we strive to forge a new path, expanding human freedoms while easing planetary pressures? (2020, p. 4)

If we choose the latter, *Social Justice Ireland* believes that policy should:

- Renew its commitment to meet the United Nations target of contributing 0.7 per cent of national income to ODA by 2030 and set a clear pathway to achieve this.
- Take a far more proactive stance at government level on ensuring that Irish and EU policies towards countries in the Global South are just.
- Ensure that Irish businesses operating in developing countries- in particular Irish Aid country partners – are subject to proper scrutiny and engage in sustainable development practices.
- Play a prominent role in the support and implementation of the Sustainable Development Goals. In particular it should work with other governments to end the race to the bottom on corporate tax rates. This would help all countries deliver on their commitments on Sustainable Development Goals.
- Continue to support the international campaign for the liberation of the poorest nations from the burden of the backlog of unpayable debt and take steps to ensure that further progress is made on this issue.
- Work for changes in the existing international trading regimes to encourage fairer and sustainable forms of trade. In particular, resource the development of Ireland’s policies in the WTO to ensure that this goal is pursued.
- Take a leadership position within European and broader international arenas to encourage other states to fund programmes and research aimed at taking a person-centred approach to the AIDS/HIV crisis.

### 13.1 Key Evidence

2015 was a very important year for global development. In July, a new global agenda for financing development was agreed in Addis Ababa. In September, the Sustainable Development Goals were adopted in New York. In December, the 21<sup>st</sup> Session of the Conference of the Parties (COP21) took place in Paris. The Paris Agreement advanced the global effort to tackle climate change and there was further progress at COP 22, COP 23, and COP 24. However, COP 25 – held in Madrid in late 2019 – was disappointing. Prior to the meeting many expected that the key focus would be to agree rules for Article 6 of the Paris Agreement; carbon markets and other forms of international cooperation. As the talks progressed, participants voiced serious concerns about the gap between the slow pace of the talks and the urgency of the latest science. Despite a number of time extensions to the meeting, participants failed to reach a deal and the issues were postponed to COP 26 in 2020<sup>1</sup>. Speaking at the close of the meeting, the UN Secretary General Antonio Guterres, voicing his disappointment, said ‘the international community lost an important opportunity to show increased ambition on mitigation, adaptation and finance to tackle the climate crisis’.

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<sup>1</sup> Carbonbrief.org. COP 2020, scheduled to take place in November 2020, was postponed to November 2021

## Inequality

Inequality is a major concern of the United Nations. In its 2020 Human Development Index it notes that higher human development countries concentrate most of nature's contributions without fully internalizing the costs generated in the process (United Nations, 2020, p. 72). In its *Global Wealth Report 2020* Credit Suisse says that richest 1 per cent of the adult population accounted for 43.4 per cent of the world's wealth, while 54 per cent of the poorest adults (that is, those with wealth of less than USD\$10,000) accounted for less than 2 per cent (Shorrocks, et al., 2020). Within countries, the top 1 per cent of all wealth holders typically own between 25 and 40 per cent of all wealth, with the top 10 per cent usually accounting for between 55 and 75 per cent.

The aforementioned 2020 UNHDR, while acknowledging the impact of the pandemic globally, highlights the deprivations, underdevelopment and inequalities that persist despite the progress in some areas. Tables 13.1 and 13.2 show some of these inequalities.

**Table 13.1:** United Nations development indicators by region and worldwide

Region	GNI per capita (US\$ PPP)*	Life Expectancy at Birth (years)	Adult Literacy %**
Least Developed Countries	2,935	65.3	64.4
Arab States	14,869	72.1	79.4
East Asia and Pacific	14,710	75.4	95.8
Europe and Central Asia	17,939	74.4	98.5
L. America and Caribbean	14,812	75.6	93.7
South Asia	6,532	69.9	72.9
Sub-Saharan Africa	3,686	61.5	65.3
OECD	44,967	80.4	N/A
<b>Worldwide total</b>	<b>16,734</b>	<b>72.8</b>	<b>84.9</b>

**Source:** UNHD Report Human Development Index 2020, 303 and statistical tables supplementary download

**Notes:** \* Gross National Income (GNI) Data adjusted for differences in purchasing power.

\*\* Adult defined as those aged 15yrs and above.

The comparable rates for Ireland are: GNI per capita: \$68,371; Life expectancy: 82.3; adult literacy: not available

Tables 13.1 and 13.2 show the sustained differences in the experiences of various regions in the world. These differences go beyond just income and are reflected in each of the indicators reported in both tables. Today, average life expectancy is 20 years higher for people in the richest countries compared to those in Sub-Saharan Africa. Similarly, the UN reports that almost one in three adults in Southern Asia and Sub-Saharan Africa are unable to read.

These inequalities are also reflected in the sizeable differences in income levels (GNI per person) and in the mortality figures in table 13.2. Table 13.2 shows that there are 412 maternal deaths per 100,000 live births in Least Developed Countries as against 18 in the developed OECD countries. There are 76.7 deaths of children under the age of five per 1,000 live births in Sub-Saharan Africa as against 6.8 in every 1,000 live births in OECD countries.

**Table 13.2:** Maternal and Infant Mortality Rates

Region	Maternal Mortality Ratio <sup>#</sup>	Under-5yrs mortality rate <sup>*</sup>
Least Developed Countries	412	63.5
Arab States	135	33.2
East Asia and Pacific	73	15.6
Europe and Central Asia	20	15.4
L. America and Caribbean	73	16.3
South Asia	149	40.7
Sub-Saharan Africa	535	76.7
OECD	18	6.8
<b>Worldwide total<sup>**</sup></b>	<b>204</b>	<b>37.2</b>

**Source:** UNHDR Gender Inequality Index 2020 Table5, Table 8 Health Outcomes

**Notes:** <sup>#</sup> ratio of the number of maternal deaths to the number of live births expressed per 100,000 live births

<sup>\*</sup>number of deaths per 1,000 live births.

<sup>\*\*</sup>The comparable rates for Ireland are: Maternal mortality: 5; Under 5 mortality: 3.7

Special attention should be paid to the 2020 UNHD Report which acknowledges the “unprecedented challenges” of the new apparent Anthropocene.

“This time, the way forward is not only about expanding people’s capabilities to lead lives they value—that is, expanding choices available to people. We must also carefully consider two other critical dimensions of human development:

agency (that is, the ability to participate in decision-making and to make one's desired choices) and values (that is, the choices that are most desired), with special attention to our interactions with nature, to our stewardship of the planet." (p. 6).

Ensuring that these new challenges are addressed with require equitable distribution and availability of technology, especially access to broadband, participation in higher education, and real efforts to mitigate the effects of climate change.

## **Wars**

The abuse of power, poor governance, inter-community disputes and the easy availability of arms increase vulnerability and instability for many communities. The plight of refugees, especially children, fleeing from violence and terror in their native countries and trying to access safety in Europe has been graphically displayed on our TV screens and in newspapers in recent years. Much of the commentary and reports from the many 'crisis' meetings of EU leaders is about who should take responsibility for accommodating these people. There is very little focus on the questions of what causes these problems or who is gaining from all this human misery. The UNHDR 2018 notes that the countries with the three steepest declines in human development ranking were in the midst of major conflict: Syria had the largest decline, falling 27 places, followed by Libya (26 places), and Yemen (20 places) (United Nations, 2018). If there is to be a peaceful solution to these problems, we need a more comprehensive analysis of the causes and an identification of the beneficiaries. In particular, the rewards to the arms industry need to be highlighted and challenged.

On this issue, figures from the Stockholm International Peace Research Institute (SIPRI) (2020) give us food for thought. World military expenditure was estimated at \$1,917 billion, or \$249 per person, in 2019. Total global expenditure in 2019 was about 3.6 per cent higher in real terms than in 2018 and 7.2 per cent higher than in 2010. Military expenditure in North America increased by 5.1 per cent compared to 2018 while in Western Europe spending was up by 3.9 per cent in the same period. Spending increased across almost all geographical areas, with the largest percentage increase experienced in Central Asia with 16 per cent, followed by Central Europe with an increase of 14 per cent. The only area which decreased military spending was Sub-Saharan Africa, which decreased its expenditure by 2.2 per cent on 2018.

In the light of military expenditure, the 2018 SIPRI report noted the number of studies that have considered the cost of achieving the various Sustainable Development Goals (SDGs) which were adopted by the United Nations in 2015 (2018). It notes that SDG 4 – quality education for all – could comfortably be achieved for well under 10 per cent of annual global military spending, while eliminating extreme poverty and hunger (SDGs 1 & 2) would cost just over 10 per cent. It concludes that a little less than half the world's annual military spending would be sufficient to meet the majority of those SDGs for which additional economic resources are a central requirement.

The volume of international transfers of major weapons rose by 5.5 per cent between 2010-14 and 2015-19 to reach its highest level since the Cold War. The five largest arms suppliers in 2015-19 were USA, Russia, France, Germany and China and they accounted for 76 per cent of the total global volume of exports of major weapons. The biggest importers of arms in this period were Saudi Arabia, India, Egypt, Australia and China, which together accounted for 36 per cent of total arms imports. Asia and Oceania received the largest volume of arms in 2015-19, accounting for 41 per cent of total arms imports, followed by the Middle East which accounted for 35 per cent. The flow of arms to two regions increased between 2010-14 and 2015-19, the Middle East (61 per cent) and Europe (3.2 per cent), while flows to the other three regions - the Americas (-40 per cent), Africa (-16 per cent) and Asia and Oceania (-7.9 per cent) decreased (SIPRI, 2020).

On a global basis the overwhelming majority of violent conflicts are intra-state conflicts, and their victims are mostly civilians. These conflicts are fought with small arms. The production and trade of these arms is the least transparent of all weapons systems. Ireland, as a neutral country, should have a role in researching, challenging and advocating for tight controls in the production and distribution of weapons.

A number of Irish Aid's partner countries' neighbour nations are currently mired in conflict, such as Ethiopia (which shares a border with South Sudan and Somalia) and Uganda (which shares a border with Democratic Republic of Congo and South Sudan). Ireland should ensure its country offices and overseas programmes engage in mediation efforts where possible and promote positive reconciliation efforts amongst civil society groups. Lessons learned from the Department of Foreign Affairs and Trade's (DFAT) Reconciliation Fund projects - fostering peace and community interaction within Northern Ireland, as well as between communities in Northern Ireland, Republic of Ireland and Britain - would allow the DFAT to offer positive insights on reconciliation and cross-border co-operation in other settings.

### **Climate Change**

*(Note: climate change is also discussed in Chapter 11. We return to the issue briefly to highlight the particular vulnerabilities of those living in developing countries)*

The Germanwatch Global Climate Risk Index 2021 (Eckstein, et al., 2021) which ranks countries according to their extreme weather risks, shows that less developed countries are generally more affected than industrialised countries. Of the ten most affected countries in 2019, eight out of the ten belong to the category low to lower-middle income. Five of them fall into the category Least Developed Countries. Between 2000 and 2019, six were developing countries in the low income or lower-middle income country groups, two, Thailand and Dominica, were classified as upper-middle income countries, and one (Puerto Rico) was an advanced economy generating high income (p. 24).

About 475,000 people died as a direct result of more than 11,000 extreme weather events globally during the period, and losses between 2000 and 2019 amounted to around US\$2.56 trillion (in purchasing power parities). Heatwave-fuelled droughts are being felt, first and foremost, in developing countries, however those countries most at risk of heatwaves are most under-represented in the research (p. 30).

The effects of climate change have increased the vulnerability of many communities, leading to enforced migration, internal displacement, poverty, hunger and even death. Food production is a huge challenge for communities constantly forced to move. The Intergovernmental Panel on Climate Change (IPCC) estimates that such scarcity will lead to increased conflict and regional instability in many of the poorest parts of the world:

“Climate change can indirectly increase risks of violent conflicts in the form of civil war and inter-group violence by amplifying well-documented drivers of these conflicts such as poverty and economic shocks (medium confidence). Multiple lines of evidence relate climate variability to these forms of conflict” (IPCC, 2014, p. 20).

After years not adequately preparing for the impacts of climate change, a Working Paper by the Climate and Development Knowledge Network (CDKN) noted that adapting to climate change is now high on the political agenda for African governments (CDKN, 2021). Climate champions across African governments, business and civil society recognise that human-made climate change is well underway, even if African countries themselves had little to do with causing it. Among these adaptation strategies are investments in people’s skills and knowledge; investment in climate-smart economies including resilient water, energy and food systems; and investment in nature and nature-based solutions to climate change and green jobs.

The Working Paper points to an “urgent need” for more finance for adaptation overall, and for more climate finance to reach local actors to support local priorities and partnerships (currently just 10 per cent of climate finance worldwide reaches local actors) (p. 19).

Africa is one of the main recipients of Overseas Development Assistance (ODA) from Ireland. In 2019, Ireland launched a new Africa strategy (Government of Ireland, 2019). Two of the commitment set out in this Strategy are (p. 13):

- Work closely with African partners, as part of our commitment to implement the 2015 Paris Agreement, to ensure that resources to tackle climate change are made available where they are most needed; scale up our funding on climate action; future-proof all of our development interventions; ensure that climate action is central to all new Country Strategies in Africa; and explore innovative approaches to climate finance and risk insurance.

- Increase our capacity to develop regional approaches, in areas such as the Horn of Africa and the Sahel, to cross-border issues such as conflict and fragility, climate change mitigation and adaptation, disaster risk reduction, and migration management, including through working closely with EU partners.

Ireland must ensure that our ODA is channelled towards initiatives aimed at tackling climate change that and local actors are engaged as key stakeholders in the process.

## Migration

Wars, inter-state conflicts and climate change result in the mass movement of peoples. According to the World Economic Forum, wars, violence or persecution forced 11 million people to flee their homes throughout 2019, mostly from low or middle-income countries, nearly double the figure for 2010 and creating a global population of almost 80 million displaced (Wood, 2020). The United Nations High Commission for Refugees reported that more than 1 per cent of humanity, that is one out of every 97 people in the world, was displaced in 2019, with more and more unable to return home (UNHCR, 2020). This equates to 79.5 million people worldwide forcibly removed from their homes due to persecution, conflict, violence, human rights violations and seriously disturbing public order. Of these 79.5 million people, an estimated 30 to 34 million were children under the age of 18. Far from the recent narrative of refugees flocking to wealthier nations, 85 per cent of the world's refugees and Venezuelans displaced abroad were hosted by developing countries, with the least developed countries hosting 27 per cent (p. 2). According to the UNHCR, more than 2 in 3 refugees and Venezuelans displaced abroad were from just five countries – the Syrian Arab Republic, Venezuela, Afghanistan, South Sudan and Myanmar. In the decade 2010 to 2019, at least 100 million people were forcibly displaced, with just a fraction finding a solution (p. 4).

We are also concerned about the high number of stateless people<sup>2</sup> referred to in the UNHCR Report. Over 4.2 million people are reported stateless, however the estimate is likely to be much higher (p. 55). These are people who are likely to be denied their Human Rights due to their status as “stateless person”. At the end of 2019, 76 countries reported stateless populations with data, while a further 22 reported stateless populations without data. However, there is some good news. A reported 81,100 stateless people in 28 countries were able to acquire or confirm their nationality in 2019 and between 2010 and 2019 a reported 754,500 stateless persons acquired nationality<sup>3</sup>.

The EU is a destination of choice for many migrants, and it is estimated that 676,200 people sought asylum in the EU in 2019 compared with almost 1.3m in

<sup>2</sup> According to the 1954 Convention relating to the Status of Stateless Persons, a stateless person is a “person who is not considered as a national by any State under the operation of its law.”

<sup>3</sup> [IBELONG - Join the Campaign to End Statelessness \(unhcr.org\)](#)

2015 (Eurostat, 2020). Given the number of refugees worldwide, this halving of the number of people seeking asylum in the EU is likely due to the various deterrence programmes which have been implemented by the EU.

The EU and Ireland's response to the crisis overall has been inadequate. *Social Justice Ireland* believes that Ireland must accelerate the arrival of programme refugees, and facilitate their full family reunification as soon as possible. Irish people have our own experiences of emigration, historically due to hunger and more recently due to a lack of economic opportunities at home. In addition, we have had a long tradition of solidarity with people facing oppression within their own countries. Unfortunately, that tradition is not reflected in our policies towards refugees and asylum seekers.

*Social Justice Ireland* believes that Ireland should use its position in international fora to highlight the causes of displacement of peoples. In particular, Ireland should use these fora to challenge the production, sale and easy access to arms and the implements of torture. Ireland should also take a leadership position within the EU promoting a human rights and humanitarian approach to addressing the refugee crisis, and challenge the "closed border" policy of some governments. We should also take a leadership role in assisting the Least Developed Countries in mitigation programmes to address climate change.

### **Sustainable Development Goals (SDGs)**

*(Note: The Sustainable Development Goals are also discussed in Chapter 11. We return to the issue briefly to highlight the particular need and urgency for their implementation, to support the people of developing countries)*

The vision of the SDGs is outlined in the Report of a study by the UN Stakeholder Forum (Osborn, et al., 2015). The SDGs are intended to be universal in the sense of embodying a universally shared common global vision of progress towards a safe, just and sustainable space for all human beings on the planet to thrive. They reflect the moral principles that no-one and no country should be left behind, and that everyone and every country should be regarded as having a common responsibility for playing their part in delivering the global vision.

In the formulation of these Goals, much of the international discussion focused on the pressing development needs of the developing countries and the support they will need from more developed countries and the international community in achieving the goals. Some of the individual goals and targets have been particularly shaped and calibrated to express the needs and aspirations of developing countries; others express the responsibilities of the developed world to assist the development process in the developing world.

Of critical importance where Ireland is concerned in this context are two key issues:

- The need for Ireland to provide funding and support to developing countries to help them achieve the SDGs in their own countries; and
- Ensuring ‘policy coherence for development’ i.e. not having any policy initiative taken by Ireland that works against the achievement of any SDG in a developing country.

Below we will analyse Ireland’s ODA Budget which will give us an opportunity to assess how Ireland is performing on the first of these issues. Here we focus on the second issue i.e. policy coherence. Policy coherence for development was recognised as a major issue long before the SDGs were agreed. It is, in fact, enshrined in the EU’s Lisbon Treaty. It recognises that the activities of any country can have impacts far beyond that country’s borders. These impacts can be negative or positive and often have major implications for the well-being of people in developing countries. We have already highlighted wars and climate change – two impacts with extremely negative consequences for many developing countries. Below we will look at the areas of human rights, governance, trade, tax and debt. These are all areas where a lack of policy coherence can see better off countries taking initiatives that impact negatively on the realisation of the SDGs in developing countries.

As a contribution to the work that needs to be done to promote policy coherence and implement the commitments made under the SDGs, *Social Justice Ireland* each year commissions Professor Charles Clark and Dr Catherine Kavanagh to produce a report and a Sustainable Progress Index (latest edition: (Clark & Kavanagh, 2021)) to measure progress for Ireland. In order to track the achievement of the SDGs in a simple and easy to follow manner, the report aggregates the 17 SDGs into three indexes by broad dimension: economy, society and environment. Ireland’s performance according to these indicators is measured, and compared to past performance and to the performance of the other 14 countries in the EU-15.

Under all three headings Ireland’s ranking is worse now than it was in 2006. On the economy Ireland has slipped from 6<sup>th</sup> in 2006 to 10<sup>th</sup> in 2019, the latest year for which data was available, despite an excellent performance in GDP growth (although GDP is a problematic measurement, as has been pointed out previously in this publication).

On the environment, Ireland is ranked last of the 15 countries compared, having moved in the wrong direction on some indicators over the past number of years. Measuring its progress as a society, Ireland’s position improved, moving from 7<sup>th</sup> in 2006 to 6<sup>th</sup> in the latest edition (Clark & Kavanagh, 2021). This index is updated each year. The preparation of this index exposes gaps in data collection and highlighted the need for more relevant indicators to measure progress on the various goals. While some progress has been made, international cooperation is still needed so that comparable data can be produced.

*Social Justice Ireland* urges the Irish Government to give leadership in the various international fora in which it operates to ensure appropriate indicators and reliable statistics are available to monitor and evaluate progress on the SDGs. We also urge Government to prioritise policy coherence for development so that no policy developed by Ireland will be detrimental in any way to work being done in developing countries to move towards achieving the SDGs in full and on schedule.

### **Ireland's commitment to Official Development Assistance (ODA)**

Before the launch of the Government's Annual Report on Official Development Assistance (ODA) for 2018, the Tánaiste, Mr. Simon Coveney TD, noted that:

“the world is facing some generation-defining challenges. Including addressing climate change and achieving the Sustainable Development Goals. Ireland's official development assistance programme is a crucial component of our ability to shape and influence how these challenges are addressed and underpins why the Government remains committed to reaching the internationally agreed target of 0.7 per cent of Gross National Income by 2030”.

While *Social Justice Ireland* welcomes the Tánaiste's re-commitment to the ODA target, it is regrettable that the date was pushed forward to 2030. However, reaching even that goal will require increased effort in the years ahead. As Table 13.3 shows, over time Ireland had achieved sizeable increases in our ODA allocation. In 2006 a total of €814m (0.53 per cent of GNP) was allocated to ODA, which was the interim target set by the Government. Budget 2008 further increased the ODA budget to reach €920.7m (0.59 per cent of GNP). However, since then the ODA budget has been a focus of government cuts and in 2014, Ireland's ODA was €614.9m (0.41 per cent of GNI\* and a reduction of over 33 per cent on 2008). Since 2014, the monetary value of Ireland's ODA has increased. In 2019, it was €869.9m, however as a proportion of GNI\*, Ireland's contribution has remained relatively static at 0.41 per cent (Government of Ireland, 2020).

*Social Justice Ireland* recognises and welcomes the increased contributions in recent Budgets to ODA<sup>4</sup>. In his Speech on Budget 2020 the Minister for Finance announced that Ireland would double its annual contribution to the Green Climate Fund which provides much needed financial support to reduce GHG emissions in developing countries. This equates to a commitment of €4m per annum until 2023.

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<sup>4</sup> Data for 2019 refers to the actual amount spent as per the Government of Ireland's Irish Aid Annual Report 2019. The allocation for ODA in Budget 2019 was €817m

**Table 13.3:** Ireland's net overseas development assistance, 2006-2020

Year	€m's	% of GNP / GNI*
2006	814.0	0.53
2007	870.9	0.53
2008	920.7	0.59
2009	722.2	0.55
2010	675.8	0.52*
2011	657.0	0.52*
2012	628.9	0.50*
2013	637.1	0.47*
2014	614.9	0.41*
2015	647.5	0.40*
2016	725.8	0.42*
2017	743.4	0.40*
2018	791.6	0.40*
2019	869.9	0.41*
2020	837**	0.41*
2021	867**	0.42*

**Source:** Government of Ireland (2020:75) and various Budget Documents.

\* Estimate based on GNI\*, which *Social Justice Ireland* considers to be a better measurement of Ireland's national income (GNI\* data from CSO National Income and Expenditure Annual Results, various years).

\*\* Projections from Budget documentation and Estimates.

However, Ireland still lacks a strategy for reaching the UN-agreed 0.7 per cent target and we call on the Government to develop such a strategy with a view to reaching this target by 2030. Notwithstanding our current economic difficulties, Ireland must continue to recover lost ground in relation to our ODA commitments if developing countries are to have a chance of emerging from this pandemic.

In Table 13.4 below, *Social Justice Ireland* proposes a possible pathway to reaching the UN target. This pathway sees Ireland achieve the UN target of 0.7% by 2030. Here again we use GNI\* as a more realistic measurement of Ireland's national income. This makes the target all the more achievable.

**Table 13.4** Possible pathways to ODA targets 2020-2030

Year	ODA €m	% of GNI*	Year	ODA €m	% of GNI*
2021	867.0	0.42	2026	1,145.9	0.55
2022	867.0	0.42	2027	1,291.8	0.62
2023	937.6	0.45	2028	1,345.3	0.65
2024	1,062.6	0.51	2029	1,395.9	0.67
2025	1,104.3	0.53	2030	1,458.5	0.70

**Calculations:** *Social Justice Ireland*. Note: GNI\* figures based on zero growth from 2021. These data will need to be adjusted for growth rates year on year.

Rebuilding our commitment to ODA and honouring the UN target should be important policy paths for Ireland to pursue in the coming years. Not only would its achievement be a major success for government and an important element in the delivery of promises made but it would also be of significance internationally. Ireland's success would not only provide additional assistance to needy countries but would also provide leadership to those other European countries who do not meet the target.

DFAT and the Irish Government regularly cite the positive assessments of Irish ODA given by international bodies. The OECD's most recent Development Assistance Committee (DAC) Peer Review of Ireland noted how Ireland's 'Ireland's approach to partnerships reflects the strong support for civil society and dedication to multilateralism that are hallmarks of its development co-operation.' (OECD, 2020). We can be justifiably proud of our record of providing high quality, untied, grant-based aid. We can be especially proud that we allocate aid to Least Developed Countries in a greater proportion than do the vast majority of other OECD countries.

*Social Justice Ireland* welcomes the Government's approach to allocating aid to the poorest and neediest countries of the world and for its capacity to work in partnership with civil society in these countries and urges Government not to lose sight of the continuing and pressing need for this support.

Given Ireland's current and projected economic growth, *Social Justice Ireland* believes that Government should commit to reaching the UN target of 0.7 per cent of GNI\* to be allocated to ODA by 2030.

## HIV/AIDS

The HIV/AIDS epidemic of previous decades has presented governments and development workers with major challenges. There are currently 30 million people living with HIV. A report by UNAIDS indicated that, in 2019, 1.7 million people were

newly infected with HIV and 690,000 died from AIDS-related illnesses. Important gains in the most affected regions of sub-Saharan Africa and the Caribbean have been counterbalanced by rising epidemics in Latin America, eastern Europe and central Asia, and the Middle East and North Africa. (UNAIDS, 2020).

Covid-19 has presented even greater challenges for developing countries struggling to deal with the epidemic of HIV and AIDS as health systems already under strain had no resource capacity to tackle the new pandemic. The UNAIDS Report advocates for a person-centred response to HIV/AIDS, utilising learning from the Covid-19 response. Such a response would include:

- HIV Services proven to prevent HIV infections or AIDS-related mortality.
- Societal enablers to include laws and policies, and societies that respect gender equality and do not discriminate against PLHIV and key populations.
- Service enablers which include the linkage or integration of services, differentiated service delivery and community-led services.
- System enablers to include infrastructure, strategic planning, budgeting and management systems, monitoring and evaluation system and communications systems.
- Development synergies across a range of sectors.

## 13.2 Key Policy Priorities

*Social Justice Ireland* believes that the following policy positions should be adopted in responding to the current challenges being experienced by the Global South. The Irish Government should:

- Renew its commitment to meet the United Nations target of contributing 0.7 per cent of national income to ODA by 2030 and set a clear pathway to achieve this.
- Take a far more proactive stance at government level on ensuring that Irish and EU policies towards countries in the Global South are just.
- Ensure that Irish businesses operating in developing countries- in particular Irish Aid country partners – are subject to proper scrutiny and engage in sustainable development practices.
- Play a prominent role in the support and implementation of the Sustainable Development Goals. In particular it should work with other governments to end the race to the bottom on corporate tax rates. This would help all countries deliver on their commitments on Sustainable Development Goals.

- Continue to support the international campaign for the liberation of the poorest nations from the burden of the backlog of unpayable debt and take steps to ensure that further progress is made on this issue.
- Work for changes in the existing international trading regimes to encourage fairer and sustainable forms of trade. In particular, resource the development of Ireland's policies in the WTO to ensure that this goal is pursued.
- Take a leadership position within European and broader international arenas to encourage other states to fund programmes and research aimed at taking a person-centred approach to the AIDS/HIV crisis.

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## Chapter fourteen

## 14.

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## VALUES

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The society we have today is the result of decisions taken over the past decades. It can be changed. If we desire change, it will only come as a result of different decisions being made by a variety of policy-makers and institutions. The proposals made in this Socio-Economic Review could be implemented if those with the competent authority took the decisions required. All decisions are based on values. Everyone can contribute to societal change by raising questions and encouraging debate around vision, values and ethics.

While there were many factors that contributed to the financial meltdown of 2008, they start with the exclusion of ethics from economic and business decision-making. The designers of the new financial order had complete faith that the ‘invisible hand’ of market competition would ensure that the self-interested decisions of market participants would promote the common good. (Clark and Alford, 2010).

We need to reclaim and promote ethics in business and policymaking. Pope Francis reminds us that:

“Politics must not be subject to the economy, nor should the economy be subject to the dictates of an efficiency-driven paradigm of technocracy. Today, in view of the common good, there is urgent need for politics and economics to enter into a frank dialogue in the service of life, especially human life. Saving banks at any cost, making the public pay the price, foregoing a firm commitment to reviewing and reforming the entire system, only reaffirms the absolute power of a financial system, a power which has no future and will only give rise to new crises after a slow, costly and only apparent recovery. The financial crisis of 2007-8 provided an opportunity to develop a new economy, more attentive to ethical principles, and new ways of regulating speculative financial practices and virtual wealth. But the response to the crisis did not include rethinking the outdated criteria which continue to rule the world.” (Pope Francis, 2015)

The people who are bearing the cost of the economic crash are obvious, the unemployed; emigrants who were forced to leave Ireland and cannot afford to return; poor, sick and vulnerable people who have had their income and social

services cut. We are conscious of much fear, anxiety and anger in our communities. There is a pervasive distrust of many institutions. The critical question now is how do we prevent a recurrence of this type of economic crash? While some people advocate good regulation as the solution, others are sceptical and search for more radical approaches.

Now ten years after the economic crash many commentators are urging us to look at the significant signs of economic recovery. We are being encouraged to embrace the current reality and 'move on'. We are discouraged from taking a critical look at what has happened to sections of our society, especially people on middle and lower incomes who have been left behind, and the socio-economic gap that has widened between them and the better off.

These observations, reflections and questions bring to the fore the issue of values. Our fears are easier to admit than our values. Do we as a people accept a two-tier society in fact, while deriding it in principle? The chapters of this review document many aspects of this divided society. It is obvious that we are becoming an even more unequal world. Scarce resources have been taken from poorer people to offset the debts of bankers and speculators. This shift of resources is made possible by the support of our national value system. This dualism in our values allows us to continue with the status quo, which, in reality, means that it is okay to exclude almost one sixth of the population from the mainstream of life from society, while substantial resources and opportunities are channelled towards other groups. This dualism operates at the levels of individual people, communities and sectors.

To change this reality requires a fundamental change of values. We need a rational debate on the kind of society in which we want to live. If it is to be realistic, this debate should challenge our values and support us in articulating our goals and formulating the way forward.

### **Human dignity, human rights and the common good**

*Social Justice Ireland* wishes to contribute to this debate and believes that the focus for this debate should be human dignity, human rights and the common good. Discussion and reflection on human dignity can be traced back to the writings of ancient philosophers and religious traditions. The history of this discourse is long and complex. However, it was not until 1948 that it was clearly articulated in the Universal Declaration of Human Rights. *Social Justice Ireland* believes that every person should have seven basic socio-economic and cultural rights, that is, the right to:

- sufficient income to live life with dignity,
- meaningful work,
- appropriate accommodation.
- participate in shaping the decisions that affect their lives.

- appropriate education
- essential healthcare
- an environment which respects their culture.

These rights can only be vindicated when society structures itself to provide the resources necessary in the interest of the common good. Hollenbach (1989) reminds us that rights are not simply claims to pursue private interests or to be left alone. Rather, they are claims to share in the common good of civil society.

Related to the discourse on human dignity is the discourse on the common good. This discourse can be traced to Plato, Aristotle and Cicero. More recently, the philosopher John Rawls defined the common good as ‘certain general conditions that are...equally to everyone’s advantage’ (Rawls, 1971 p.246). François Flahault notes ‘that the human state of nature is the social state, that there has never been a human being who was not embedded, as it were, in a multiplicity. This necessarily means that relational well-being is the primary form of the common good. Just as air is the vital element for the survival of our bodies, coexistence is the element necessary for our existence as persons. The common good is the sum of all that which supports coexistence, and consequently the very existence of individuals.’ (p.68)

This understanding was also reflected at an international gathering of Catholic leaders. They saw the common good as ‘the sum of those conditions of social life by which individuals, families and groups can achieve their own fulfilment in a relatively thorough and ready way’ (Gaudium et Spes no.74). This understanding recognises the fact that the person develops their potential in the context of society where the needs and rights of all members and groups are respected. The common good, then, consists primarily of having the social systems, institutions and environments on which we all depend work in a manner that benefits all people simultaneously and in solidarity. A similar view is expressed in a NESC study (2009) which states that ‘at a societal level, a belief in a “common good” has been shown to contribute to the overall well-being of society. This requires a level of recognition of rights and responsibilities, empathy with others and values of citizenship’.

Human rights are the rights of all persons so that each person is not only a right-holder but also has duties to all other persons to respect and promote their rights. Thus there is a sharing of the benefits of rights and the burden of duties. Alan Gewirth (1993) notes that human rights have important implications for social policy. On the one hand the State must protect equally the freedom and basic well-being of all persons and on the other hand it must give assistance to persons who cannot maintain their well-being by their own efforts.

### **Understanding of Justice**

Christianity subscribes to the values of both human dignity and the centrality of the community. The person is seen as growing and developing in a context

that includes other people and the environment. Justice is understood in terms of relationships. The Christian scriptures understand justice as a harmony that comes from fidelity to right relationships with God, people and the environment. A just society is one that is structured in such a way as to promote these right relationships so that human rights are respected, human dignity is protected, human development is facilitated, and the environment is respected and protected (Healy and Reynolds, 2003:188).

### **Appropriate structures**

As our societies have grown in sophistication, the need for appropriate structures has become more urgent. The aspiration that everyone should enjoy the good life, and the goodwill to make it available to all, are essential ingredients in a just society. But this good life will not happen without the deliberate establishment of structures to facilitate its development. In the past charity, in the sense of almsgiving by some individuals, organisations and Churches on an arbitrary and ad hoc basis, was seen as sufficient to ensure that everyone could cross the threshold of human dignity. Calling on the work of social historians it could be argued that charity in this sense was never an appropriate method for dealing with poverty. Certainly, it is not a suitable methodology for dealing with the problems of today. As recent world disasters have graphically shown, charity and the heroic efforts of voluntary agencies cannot solve these problems on a long-term basis. Appropriate structures should be established to ensure that every person has access to the resources needed to live life with dignity.

### **Future Generations**

Few people would disagree that the resources of the planet are for the use of the people - not just the present generation, but also the generations still to come. In Old Testament times these resources were closely tied to land and water. A complex system of laws about the Sabbatical and Jubilee years (Lev 25: 1-22, Deut 15: 1-18) was devised to ensure, on the one hand, that no person could be disinherited, and, on the other, that land and debts could not be accumulated. This system also ensured that the land was protected and allowed to renew itself. Today, modern society needs to espouse this principle to ensure the protection and security of existing resources for the use of future generations.

### **Ownership and property**

These reflections raise questions about ownership. Obviously, there was an acceptance of private property, but it was not an exclusive ownership. It carried social responsibilities. We find similar thinking among the leaders of the early Christian community. St John Chrysostom, (4<sup>th</sup> century) speaking to those who could manipulate the law so as to accumulate wealth to the detriment of others, taught that 'the rich are in the possession of the goods of the poor even if they have acquired them honestly or inherited them legally' (Homily on Lazarus). These early leaders also established that a person in extreme necessity has the right to take from the riches of others what s/he needs, since private property has a social

quality deriving from the law of the communal purpose of earthly goods (Gaudium et Spes 69-71).

In more recent times, Pope Paul VI (1967) said:

“Private property does not constitute for anyone an absolute and unconditional right. No one is justified in keeping for his/her exclusive use what is not needed when others lack necessities.... The right to property must never be exercised to the detriment of the common good.” (Populorum Progressio No. 23).

Pope John Paul II has further developed the understanding of ownership, especially in regard to the ownership of the means of production. Recently this position has been reiterated by Pope Francis (2015): “the Church does indeed defend the legitimate right to private property, but she also teaches no less clearly that there is always a social mortgage on all private property, in order that goods may serve the general purpose that God gave them.” (No 93)

### Technology

One of the major contributors to the generation of wealth is technology. The technology we have today is the product of the work of many people through many generations. Through the laws of patenting and exploration a very small group of people has claimed legal rights to a large portion of the world’s wealth. Pope John Paul II questioned the morality of these structures. He said ‘if it is true that capital as the whole of the means of production is at the same time the product of the work of generations, it is equally true that capital is being unceasingly created through the work done with the help of all these means of production’. Therefore, no one can claim exclusive rights over the means of production. Rather, that right ‘is subordinated to the right to common use, to the fact that goods are meant for everyone’. (Laborem Exercens No.14). Since everyone has a right to a proportion of the goods of the country, society is faced with two responsibilities regarding economic resources: firstly, each person should have sufficient resources to access the good life; and secondly, since the earth’s resources are finite, and since “more” is not necessarily “better”, it is time that society faced the question of putting a limit on the wealth that any person or corporation can accumulate. Espousing the value of environmental sustainability requires a commitment to establish systems that ensure the protection of our planet.

In his exhortation, *The Joy of the Gospel*, (Evangelii Gaudium) Pope Francis (2013) named the trends that are detrimental to the common good, equality and the future of the planet. He says:

“While the earnings of the minority are growing exponentially, so too is the gap separating the majority from the prosperity enjoyed by those happy few. This imbalance is the result of ideologies which defend the absolute autonomy of the marketplace and financial speculation. Consequently, they reject the right of states, charged with vigilance for the common good, to

exercise any form of control. A new tyranny is thus born, invisible and often virtual, which unilaterally and relentlessly imposes its own laws and rules. Debt and the accumulation of interest also make it difficult for countries to realise the potential of their economies and keep citizens from enjoying their real purchasing power. To all this we can add widespread corruption and self-serving tax evasion, which have taken on worldwide dimensions. The thirst for power and possessions knows no limits. In this system, which tends to devour everything which stands in the way of increased profits, whatever is fragile, like the environment, is defenceless before the interests of a deified market, which becomes the only rule.” (par 56)

The concern of Pope Francis to build right relationships extends from the interpersonal to the inter-state to the global.

Interdependence, mutuality, solidarity and connectedness are words that are used loosely today to express a consciousness which resonates with Christian values. All of creation is seen as a unit that is dynamic - each part is related to every other part, depends on it in some way, and can also affect it. When we focus on the human family, this means that each person depends on others initially for life itself, and subsequently for the resources and relationships needed to grow and develop. To ensure that the connectedness of the web of life is maintained, each person depending on their age and ability is expected to reach out to support others in ways that are appropriate for their growth and in harmony with the rest of creation. This thinking respects the integrity of the person, while recognising that the person can achieve his or her potential only in right relationships with others and with the environment.

As a democratic society we elect our leaders regularly. We expect them to lead the way in developing the society we want for ourselves and our children. Election and budget times give an opportunity to scrutinise the vision politicians have for our society. Because this vision is based on values, it is worth evaluating the values being articulated. It is important that we check if the plans proposed are compatible with the values articulated and likely to deliver the society we desire.

Most people in Irish society would subscribe to the values articulated here. However, these values will only be operative in our society when appropriate structures and infrastructures are put in place. These are the values that *Social Justice Ireland* wishes to promote. We wish to work with others to develop and support appropriate systems, structures and infrastructures which will give practical expression to these values in Irish society.

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Social justice matters. That is why *Social Justice Ireland* publishes this book at this time. Irish society faces a moment of great social and economic upheaval. Covid-19 has highlighted the deficits in our services, and the issue of low pay. It has also shown us the critical value of having an effective public service. Post pandemic, we face a major challenge: to decide if the experience of recent months and our response to it should shape the future of our society. We must learn from this experience and tackle the challenges that we've failed to address heretofore. Ireland has an opportunity to implement a new Social Contract, to improve the wellbeing of all. This publication addresses these issues, outlines ideas for a new Social Contract and seeks answers to the questions: where do we want to go, and what do we need to do to get there?

In this, its Socio-Economic Review for 2021, *Social Justice Ireland* presents:

- A detailed analysis of a range of key matters which are central to social justice.
- A vision of Ireland's future as a just and sustainable society, and
- A policy framework to move consistently and coherently towards becoming a just society.
- It also sets out detailed policy proposals needed to move in this direction.

Among the topics addressed in **Social Justice Matters** are:

- A New Social Contract for a Brighter Future
- Income Distribution
- Taxation
- Work, Unemployment and Job-Creation
- Housing and Accommodation
- Healthcare
- Education and Educational Disadvantage
- Other Public Services
- People and Participation
- Sustainability
- Rural Development
- The Global South
- Values

**Social Justice Matters** provides a key reference point for anybody working on Irish social justice issues in 2021.



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