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# Ireland and the Europe 2020 Strategy

*A review of the social inclusion aspects of Ireland's  
National Reform Programme in the context of the Europe  
2020 Strategy*

March 2018





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*Social Justice Ireland* is an independent think tank and justice advocacy organisation that seeks to build a just society. We provide independent social analysis and evidence-based policy proposals, with the aim of creating a sustainable future for every member of society and for societies as a whole.

Membership of *Social Justice Ireland* is open to individuals and groups who share these objectives. We are always keen to hear from new members. Full details of what membership entails and how to join can be found at [www.socialjustice.ie/members](http://www.socialjustice.ie/members).



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## **Overview**

This report was compiled by *Social Justice Ireland* in light of the Europe 2020 Strategy and its high-level targets, and of Ireland's National Reform Programme, which sets out Ireland's response to achieving those targets.

The report covers three of the five headline targets established in the Europe 2020 Strategy and addressed in the Irish National Reform Programme, namely, employment, education and 'poverty and social exclusion'. In each of these areas the report identifies the Europe 2020 target and Ireland's corresponding headline target, and then:

- Analyses the current context;
- Assesses progress (or otherwise) in achieving the Irish headline target;
- Reviews recent policy decisions and assesses their contribution (or otherwise) to Ireland achieving its targets;
- Identifies a number of issues relevant to the achievement of the targets; and
- Makes recommendations on adjusting the targets that Government has set in particular areas.

A partnership approach to the development of National Reform Programmes is envisaged in the Europe 2020 Strategy, involving a range of stakeholders, including those from civil society. The report, therefore, also addresses the issue of governance relating to the consultation process on the framing and development of the Irish National Reform Programme. Suggestions are made on how that process may be improved.

This report has been prepared by *Social Justice Ireland* drawing on data available from the EU and from Ireland's Central Statistics Office (CSO) as well as on on-going work *Social Justice Ireland* is doing on European and global issues. It also builds on our previous series of reports (from 2011 on) on this same topic. Our findings include that policies pursued over many years resulted in the exclusion of people who already find themselves on the margins of society and in many cases policies are pushing Ireland further away from reaching many of its national targets under the Europe 2020 Strategy. This is of major concern to *Social Justice Ireland*. It also runs counter to the aim of inclusive growth which is central to the Europe 2020 Strategy.

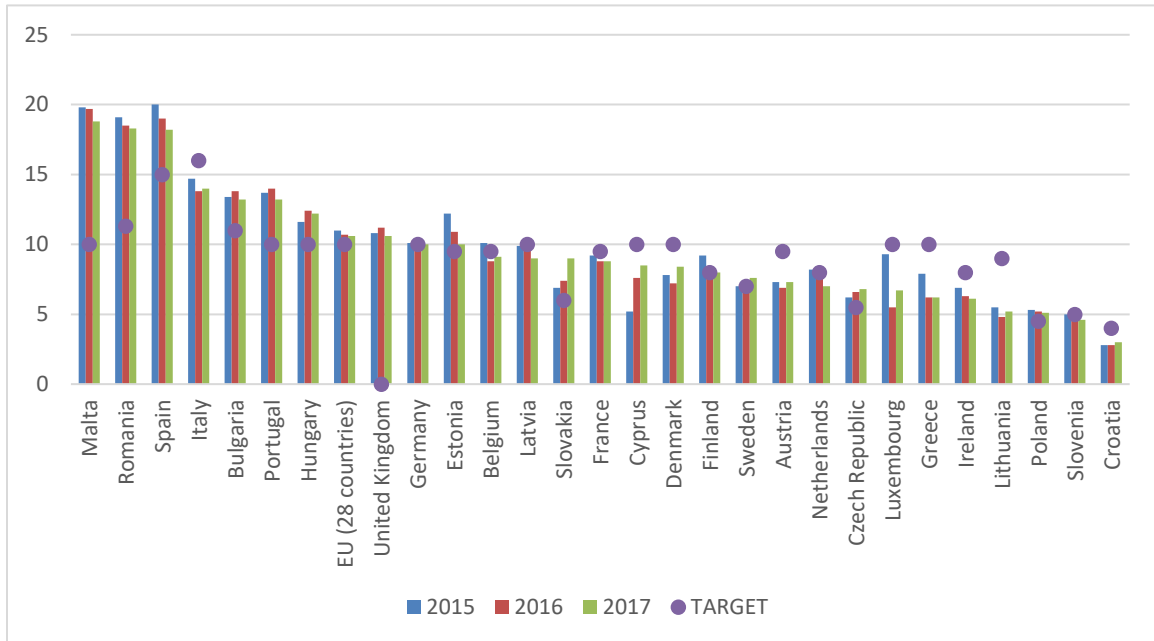
Implicit in the approach taken in the Europe 2020 Strategy is that economic development, social development and environmental protection are complementary and interdependent – three sides of the same reality. Overall, current trends in Irish public policy are running counter to the promotion of 'inclusive growth,' which is one of the three key priorities which underlie the Europe 2020 Strategy. Inclusive growth is not just about fostering a high-employment economy, it also aims to deliver social cohesion – it is integral to the Europe 2020 strategy and needs to be integral to the response of the Irish Government.

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## Introduction and Context

The Europe 2020 Strategy was designed to develop a more balanced and sustainable approach for the future. It was adopted in 2010. While not without its critics, the Strategy is seen as a significant development in social policy within the EU. In particular, its inclusion of targets aimed at increasing employment, improving education and reducing poverty and social exclusion are considered potentially significant because they highlight the importance of social policy goals to a vision for Europe's future well-being. In this report we look at key aspects of Ireland's performance in response to the Europe 2020 Strategy in the areas of employment, education and poverty.

### The Europe 2020 Strategy

The Europe 2020 strategy aims to turn the EU into a 'smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion' (European Commission, 2010, p. 5). It increased the potential visibility and importance of social issues and made the possibility of 'a much more integrated and coordinated approach to economic, social, employment and also environmental governance' a possibility (Frazer et al, 2010, p.3). As Frazer and colleagues put it:

*'The Lisbon Treaty and the Europe 2020 Strategy provide a significant, if far from perfect, opportunity to move towards a better and more mutually reinforcing balance between economic, employment and social objectives – and thus towards a stronger Social EU' (Frazer et al, 2010, p 34).*

While there has been criticism of aspects of the Europe 2020 strategy<sup>1</sup>, the existence of targets aimed at reducing poverty and social exclusion would, it was argued, create a new dynamic and impose pressure on politicians and policy-makers to deliver against those targets (Walker, 2011, p.1).

Following on from State of the Union address by President Juncker in September 2015, the European Commission launched a public consultation of a European Pillar of Social Rights intended to identify a number of essential principles common to euro area Member States, focusing on their needs and challenges in the field of employment and social policies. In March 2016 a first, preliminary outline was published by the Commission. Like the Europe 2020 strategy, this initiative is founded in a recognition that in advanced economies, which base their prosperity on productivity growth and their capacity to innovate recognises that social and economic performance are two sides of the same coin (European Commission 2016a, p.4). A further consultation on the future of Europe was launched in 2017 by way of a White

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<sup>1</sup> There has, for example, been criticism of the way indicators were combined to determine the target for 'poverty and social exclusion' (see Nolan & Whelan, 2011). That has also been criticised by *Social Justice Ireland*. Another area sometimes considered problematic is the fit between the governance architecture of the Europe 2020 Strategy and EU social policy coordination as it had developed over a decade through the Social Open Method of Coordination (OMC) (Zeitlin, 2010).



Paper - one that recognises that trust in the union has been eroded (European Commission 2017c).

### **Priorities, Targets & 'Flagship Initiatives'**

The Strategy articulates three priorities, five headline targets for 2020 intended to be representative of the three priorities, as well as a number of actions at national, EU and international levels to underpin them (European Commission, 2010).

The three **priorities** are:

- Smart growth: developing an economy based on knowledge and innovation,
- Sustainable growth: promoting a more resource efficient, greener and more competitive economy,
- Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.

The **headline targets** for 2020 are intended to steer progress toward achieving the priorities. They are:

- Employment – 75% of the 20-64 year-olds to be employed,
- R&D – 3% of the EU's GDP to be invested in R&D (includes public and private investment),
- Climate change/energy –
  - greenhouse gas emissions 20% lower than 1990 (or 30% if the conditions are right)
  - 20% of energy from renewables
  - 20% increase in energy efficiency
- Education –
  - Reducing school drop-out rates below 10%
  - at least 40% of 30-34 year-olds completing third level education
- Poverty /social exclusion –
  - The number of Europeans living in or at risk of poverty and social exclusion should be reduced by 20 million (this target is based on a combination of three indicators<sup>2</sup> - people are counted if they come under any of the three)

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<sup>2</sup> This indicator corresponds to the sum of persons who are: at risk of poverty or severely materially deprived or living in households with very low work intensity. Persons are only counted once even if they are present in several sub-indicators. At risk-of-poverty are persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers). Material deprivation covers indicators relating to economic strain and durables. Severely materially deprived persons have living conditions severely constrained by a lack of

It is recognised that the targets are interrelated – for example, that better educational levels help employability, which in turn will help to reduce poverty. Targets were to be translated into national targets to reflect the current situation of each Member State (European Commission, 2010).

Seven **flagship initiatives** were proposed to underpin the priorities with actions at European and national levels. Amongst the flagship initiatives, the European Platform against Poverty (EPAP) is of particular relevance in the context of this report, with its recognition that the vulnerable in our societies have borne much of the impact of the economic crisis, and

- that fighting poverty requires a response that cuts across all policy domains and that is mainstreamed into all policy development
- of the need for greater and more effective use of the EU Funds to support social inclusion (European Commission, 2010a, p. 5,6).

### Integrated Guidelines

Ten integrated Guidelines for implementing the Europe 2020 Strategy were adopted by the Council in October 2010. See **Table 1**. The Guidelines aim to provide guidance to Member States in defining their National Reform Programmes (see below) and in implementing reforms. Guideline 10 underlines the importance of labour market participation for those furthest away from the labour market and of preventing in-work poverty, as well as the role of pensions, healthcare, and public services in maintaining social cohesion.

**TABLE 1 INTEGRATED GUIDELINES: EMPLOYMENT (INCLUDING SOCIAL INCLUSION AND COMBATING POVERTY)**

Extract from Integrated Guidelines for Europe 2020	
Guideline 7	Increasing labour market participation of women and men, reducing structural unemployment and promoting job quality
Guideline 8	Developing a skilled workforce responding to labour market needs and promoting lifelong learning
Guideline 9	Improving the quality and performance of education and training systems at all levels and increasing participation in tertiary or equivalent education
Guideline 10	Promoting social inclusion and combating poverty

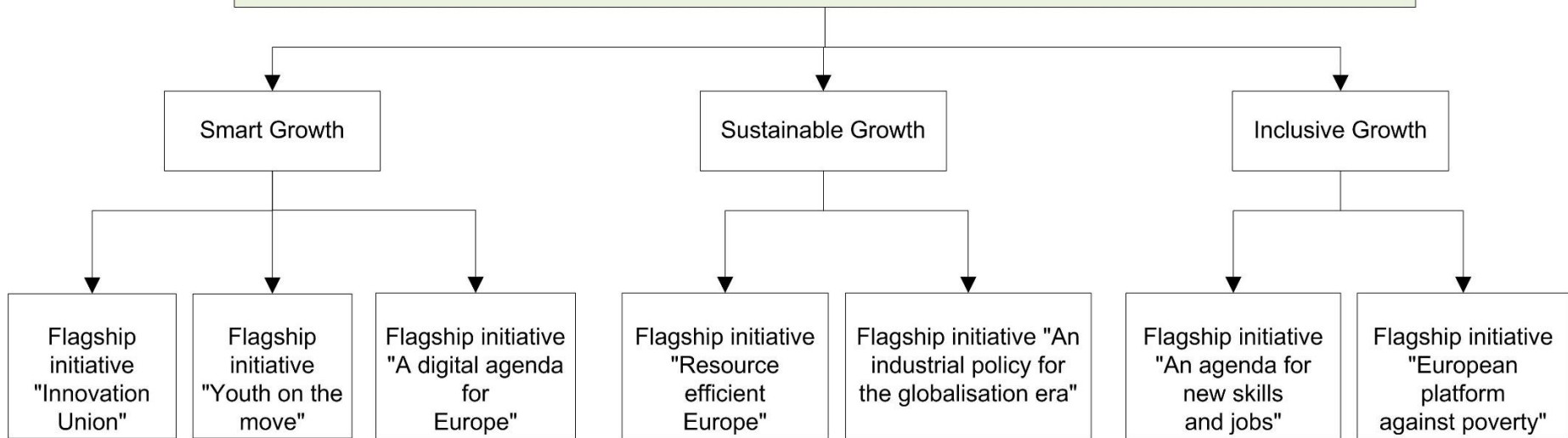
**SOURCE:** EU COUNCIL OF MINISTERS, 2010

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resources, they experience at least 4 out of 9 following deprivations items: cannot afford i) to pay rent or utility bills, ii) keep home adequately warm, iii) face unexpected expenses, iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home, vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone. People living in households with very low work intensity are those aged 0-59 living in households where the adults (aged 18-59) work less than 20% of their total work potential during the past year. (Eurostat online database: t2020\_50)

### Headline Targets

- Raise the employment rate of the population aged 20-64 from the current 69% to at least 75%.
- Achieve the target of investing 3% of GDP in R&D in particular by improving the conditions for R&D investment by the private sector, and develop a new indicator to track innovation.
- Reduce greenhouse gas emissions by at least 20% compared to 1990 levels or by 30% if the conditions are right, increase the share of renewable energy in our final energy consumption to 20%, and achieve a 20% increase in energy efficiency.
- Reduce the share of early school leavers to 10% from the current 15% and increase the share of the population aged 30-34 having completed tertiary education from 31% to at least 40%.
- The number of Europeans living in or at risk of poverty and social exclusion should be reduced by 20 million



**FIGURE 1 EUROPE 2020 STRATEGY FRAMEWORK**

## Monitoring and the European Semester

In order to monitor progress towards the achievement of its targets, the Europe 2020 Strategy envisaged country reporting in the form of National Reform Programmes. These are intended to help Member States to develop strategies for sustainable growth and sustainable public finances and to track progress toward targets. The Europe 2020 Strategy envisages a partnership approach to the elaboration of National Reform Programmes and to the implementation of the Strategy – one that includes EU Committees, national parliaments, regional and local authorities as well as social partners and stakeholders in civil society (European Commission, 2010).

In light of the Europe 2020 Strategy, the Social Protection Committee examined the pre-existing Social Open Method of Coordination (OMC)<sup>3</sup>, concluding that OMC (across its three strands of social inclusion, pensions, health care and long-term care) would be essential to assessing the social dimension of the 2020 Strategy.

It was recommended that, at the same time as reporting under their National Reform Programmes, Member States would annually be invited to report on progress in National Social Reports from 2012.

A key feature of governance relative to the Europe 2020 strategy was the introduction of a new annual reporting cycle, the ‘European semester,’ which commenced in January 2011. One of the aims of the new framework is to align the way the EU’s Stability and Growth Pact is implemented with coordination of the 2020 Strategy. Each year, the Commission undertakes a detailed analysis of EU Member States’ plans of budgetary, macroeconomic and structural reforms and provides them with recommendations for the next 12-18 months.

During 2014, a consultation process took place on the Europe 2020 Strategy toward development of the strategy for the 2015-2020 period. The results of the review are intended to feed into discussions on the Strategy’s future direction by the new Commission appointed in the wake of the June 2014 European Parliament elections. One of the findings from the consultation was that there is a need to improve the delivery of the strategy through enhanced ownership and involvement on the ground (European Commission 2015b).

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<sup>3</sup> The ‘OMC’ or Open Method of Coordination was initiated by the 2000 Lisbon Strategy, and was succeeded by the development of social indicators agreed in Laeken in 2001 (and consequently often called the Laeken process) and subsequently developed and refined on an ongoing basis. It involves a peer review process developed to assist policy learning. The OMC process includes agreement on common objectives, commonly defined social indicators, development and peer reviewing of national strategic reports along with recommendations for policy change (Walker, 2011).

### **The European Semester**

The European Commission operates a yearly cycle of economic policy coordination called the European Semester. Each year the European Commission makes recommendations for the next 12-18 months to member states. The European semester starts when the Commission adopts its Annual Growth Survey, usually towards the end of the year, stating priorities for the coming year.

**November:** Annual Growth Survey and Alert Mechanism Report. Assessment also issued by the Commission of draft budgetary plans (Euro area)

**February:** Commission issues a single analytical economic assessment per Member State

**March:** EU Heads of State and Government issue guidance for national policies on the basis of the Annual Growth Survey.

**April:** Member States submit their plans for public finances (Stability or Convergence Programmes) and their National Reform Programmes with reforms and measures to make progress towards smart, sustainable and inclusive growth, in areas such as employment, research, innovation, energy or social inclusion.

**May/June:** the Commission assesses these programmes and proposes country-specific recommendations. The Council discusses and the European Council endorses the recommendations.

**June/July:** the Council formally adopts the country-specific recommendations.

**October (Euro Area):** Submission of Draft Annual Budgets to the Commission for its opinion.

Where recommendations are not acted on within the given time-frame, policy warnings can be issued. There is also an option for enforcement through incentives and sanctions in the case of excessive macroeconomic and budgetary imbalances.

### **Irish National Reform Programme - Targets**

The Irish Government submitted a National Reform Programme in 2011 and shorter Up-dates in 2012 and 2013. Since exiting the financial assistance programme in 2013, National Reform Programmes have been submitted again in subsequent years. Below are the Europe 2020 Strategy targets for employment, education and poverty reduction as well as the Irish targets. The following sections of this report will consider each in more detail.

#### **Employment**

**EU Headline Target:** To raise to 75% the employment rate for women and men aged 20-64, including through the greater participation of young people, older workers and low-skilled workers, and the better integration of legal migrants.

**Irish Target:** To raise to 69-71% the employment rate for women and men aged 20-64, including through the greater participation of young people, older workers and low-skilled workers, and the better integration of legal migrants, and to review the target level of ambition in 2014, in the context of a proposed mid-term review of the Europe 2020 Strategy.

## Education

**EU Headline Target:** Improving education levels, in particular by aiming to reduce school drop-out rates to less than 10% and by increasing the share of 30-34 years old having completed tertiary or equivalent education to at least 40%.

**Irish Target:** To reduce the percentage of 18-24 year olds with at most lower secondary education and not in further education and training to 8%; to increase the share of 30-34 year olds who have completed tertiary or equivalent education to at least 60%

## Poverty

**EU Headline Target:** To promote social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people out of the risk of poverty and exclusion

**Irish Target:** To reduce the number experiencing consistent poverty to 4% by 2016 (interim target) and to 2% by 2020, from the 2010 baseline rate of 6.3%<sup>4</sup>. The Irish contribution to the Europe 2010 poverty target is to reduce by a minimum of 200,000 the population in combined poverty (either consistent poverty, at risk-of-poverty or basic deprivation) (Revised target<sup>5</sup>).

**Sub-target, Children:** A sub-target for child poverty has been set in the National Policy Framework for Children and Young People (2014-2020):

- To lift over 70,000 children out of consistent poverty by 2020 (a reduction of at least two-thirds on the 2011 level)
- This target will include reducing the higher consistent poverty rate for households with children as compared to non-child households (8.8% compared with 4.2%) and for children as compared to adults (9.3% compared with 6%).

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<sup>4</sup> This is based on a slightly revised figure released by the CSO in 2011

<sup>5</sup> In 2012, the target in respect of poverty contained in Ireland's National Reform Programme Update was revised. Previously it targeted a consistent poverty rate of between 2-4% by 2012, the elimination of consistent poverty by 2016, and at least 186,000 people lifted out of the risk of poverty and exclusion.

While recognising the interdependence of economic, environmental and social sustainability, it is not within the intended scope of this report to address all components of the Europe 2020 Strategy targets or the Irish National Reform Programme. Each of the above targets will be considered in the next three Chapters of this Report, which will focus on employment, education and poverty, respectively. The issue of governance will be considered in the fifth Chapter.

## 2. Employment

***EU Headline Target: The employment rate of the population aged 20-64 should increase from the current 69% to at least 75%, including through the greater involvement of women, older workers and the better integration of migrants in the work force (European Commission, 2010).***

***Ireland Headline Target: To raise to 69-71% the employment rate for women and men aged 20-64, including through the greater participation of young people, older workers and low-skilled workers, and the better integration of legal migrants, and to review the target level of ambition in 2014, in the context of a proposed mid-term review of the Europe 2020 Strategy (Government of Ireland, 2017).***

## European Context

The Europe 2020 Strategy envisaged a high-employment economy delivering economic, social and territorial cohesion. Challenges identified included high unemployment, low skills, those working who do not earn enough to get out of poverty (that is, the 'working poor'). The Strategy referenced the following facts about Europe (based on the data available when the Strategy was adopted in 2010):

- Only two-thirds of the working-age population was employed
- About 80 million people had low or basic skills
- 8 per cent of those at work did not earn enough to reach the poverty threshold
- At 21 per cent, the unemployment rate for young people was particularly high
- There was a strong risk that those away from the labour market or those poorly connected with it would lose ground (European Commission 2010, p.17-18)

The need to integrate social and employment policy solutions is recognised especially in light of the fact that so many people with jobs are at risk of poverty. As well as including a major focus on employment, the 2020 Strategy emphasises education, training and lifelong learning (European Commission, 2010).

The economic crisis led to the EU unemployment rate increasing from under 7 per cent in spring 2008 to 10.8 per cent in spring 2013, representing an increase of 9 million in the number of people who were out of work (European Commission 2016). According to the European Commission's review of the employment and social position for 2016 (European Commission 2017), employment has continued to grow since 2013 and the employment rate (EU, people aged 20 to

64 years) reached 71.1 per cent in 2016, above its 2008 value – although in the Euro area employment rate is still below 2008 levels. However, the rate varies significantly across Member States, from 81.2 per cent in Sweden to 56.2 per cent in Greece. Also 20.9 million people in the EU were still without work, including 18.7 per cent of young people. Nearly half of all unemployed people have been out of work for more than a year. Unemployment remains higher than in 2008 for many Member States and for the EU (8.5 per cent – decreasing to 7.8 per cent in May 2017) and Euro area (10.0 per cent) as a whole. Unemployment rates vary widely, from 4.0 per cent in the Czech Republic to 23.6 per cent in Greece. While important reductions have been observed in countries with high unemployment rates, huge differences in long-term unemployment persist: from less than 1.5 per cent of the active population in Sweden, UK and Denmark to almost 17 per cent in Greece. The Commission’s review (2017) recognises that groups not doing well in the labour market include young people, with an unemployment rate of 18.7 per cent in the EU, and the low-skilled, who have an employment rate of 54.3 per cent.

Overall the European Commission (2017) concludes that despite some progress in the labour market and social situation within the EU, large social and employment disparities remain across Member States, and a lot remains to be done to tackle the negative impact of the crisis on employment, on poverty and income inequality and on cohesion among Member States. Long-term unemployment and still relatively low employment opportunities for youth (15-24) remain major challenges in the EU according to the EU’s Social Protection Committee (2017).

Figure 2 below shows the position of EU States relative to the high-level employment target (75 per cent) set out in the Europe 2020 Strategy for 2014 to 2016 for people aged 20-64<sup>6</sup>. As shown, the European average rate of employment stood at 71.1 per cent in 2016, up from 69.2 and 70.1 per cent in 2014 and 2015, respectively (EU28) (Eurostat t2020\_10). The rate in the Euro Area was 70 per cent in 2016. Across the EU, there is great variation in the rate – with the highest levels of employment in Sweden, Germany, the U.K, Denmark and the Netherlands, and the lowest in Greece, Croatia, Italy, Spain, and Romania. There is a gap of 25 percentage points between Sweden’s rate and that of Greece.

Ireland’s employment rate for this age group rate dropped from 2007 (when it had been 73.8 per cent), stood at 63.7 per cent in 2012 and has increased since then to 71.4 per cent in 2016. It is similar to the Euro area average and just below the European average (of 71.1 per cent) in 2016, and is just under 4 percentage points lower than the Europe 2020 Strategy target. The Government’s latest National Reform Programme estimates that the 75 per cent target will not be reached by 2020, suggesting, instead that a rate of 73 per cent will be reached by 2020

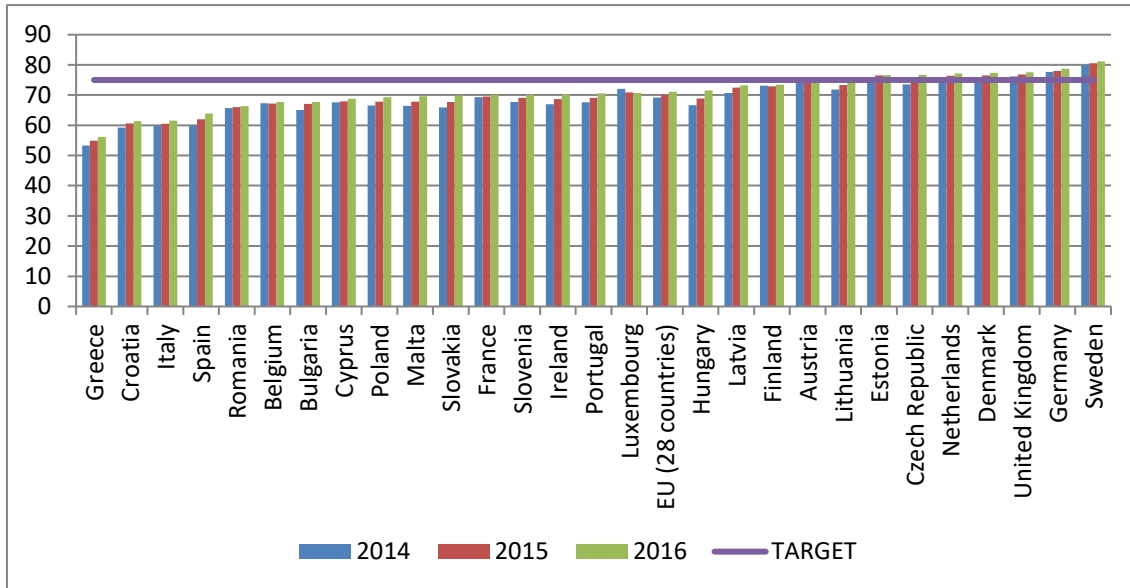
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<sup>6</sup> The employment rate is calculated by dividing the number of persons aged 20 to 64 in employment by the total population of the same age group. The indicator is based on the EU Labour Force Survey. The survey covers the entire population living in private households and excludes those in collective households such as boarding houses, halls of residence and hospitals. Employed population consists of those persons who during the reference week did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent (Eurostat, t2020\_10).



(Government of Ireland 2017). The rate has, however, reached the mid-point of the target that Ireland set for itself (which was 69-71 per cent), which is welcome.

**Figure 2, 2014-2016 EU-28 Employment Rate, Age Group 20-64**



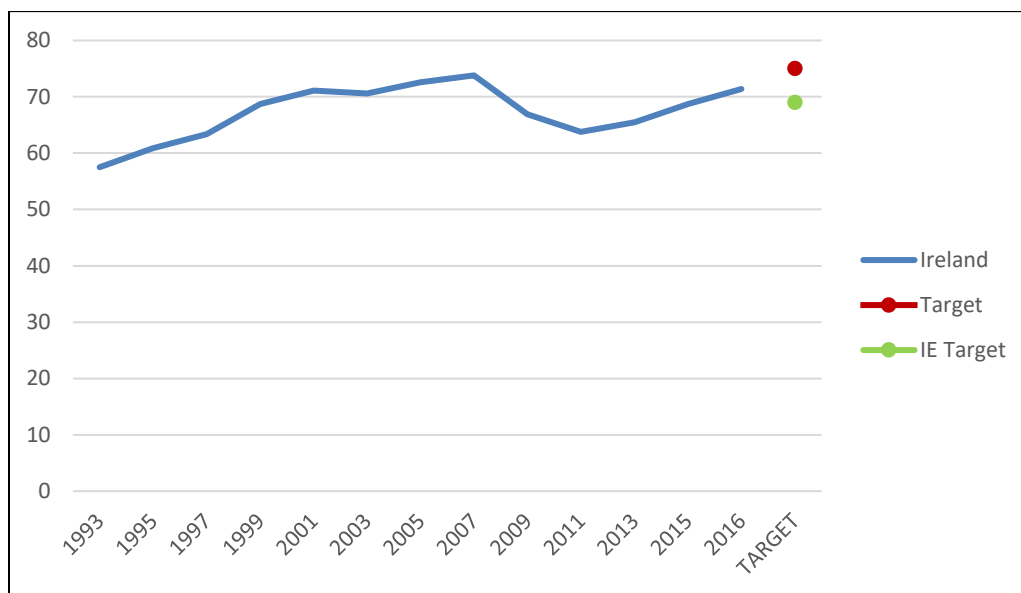
Source: Eurostat, t2020\_10. Shows EU 2020 Strategy target of 75%.

### Ireland: Employment and Unemployment

The scale and severity of the economic collapse from 2008 meant a return to widespread unemployment, something that still has long-term implications for individuals, families and social cohesion as well as for Government finances. Significant improvement has been achieved in recent years. However, this is still a challenging period in which a high level of long-term unemployment, especially, has again become a characteristic of Irish society.

Figure 3 below shows Ireland’s employment rate for those aged 20-64 from 1993 to 2016 as well as the national and EU level targets. It illustrates that, after increasing for many years, there was a steady drop in the employment rate from 2007 to 2012. Recent years have seen a welcome improvement in the rate, which, as already indicated, stood at 71.4 per cent in 2016 but is still short of the EU target of 75 per cent.

**FIGURE 3 IRELAND: EMPLOYMENT, 1993-2016, AGE 20-60 WITH TARGETS**



**Source:** Eurostat, t2020\_10

A consequence of job losses was a sharp increase in unemployment and emigration. As regards unemployment, the monthly average figure for Ireland for February 2018 was 6.0 per cent, down from a rate of 6.6 per cent in September 2017 (Eurostat, ) (based on the monthly average rate – seasonally adjusted rate). Ireland’s rate was lower than the EU-28 average (7.8 in April 2017) (Eurostat, **une\_rt\_m**). This is a major improvement on the situation at the height of the crisis when unemployment exceeded 14 per cent. However, it is a lot worse than the situation before the recession when it stood at 4.6 per cent in 2007 (Healy *et al* 2017).

In Table 2 we set out labour force data 2007, 2012 and 2017 (Q3 for each year) to show the nature and scale of the transformation in Ireland’s labour market. From 2007-2017 the labour force decreased by 1,500 people , participation rates dropped, full-time employment fell by just over 3 per cent, representing 59,400 jobs, while part-time employment increased by over 3per cent. By Q3 2017 2017 the number of underemployed people, defined as those employed part-time but wishing to work additional hours, stood at 116,200 people – 4.9 per cent of the labour force. Over this period unemployment increased by 43,800 people, bringing the unemployment rate up from 5.1 per cent to 6.9 per cent. However, the Q3 2017 figure represents a dramatic improvement on the levels experienced during the height of the economic crisis in 2010-2012.

The figures in Table 2 also point towards the growth of various forms of precarious employment over recent years. Since 2007 employment has fallen by 2 per cent; but this figure masks a bigger decline in full-time employment (3 per cent) and a growth in part-time employment (+3.3 per cent). Within those part-time employed there has also been an increase in the numbers of people

who are underemployed, that is, working part-time but at fewer hours than they are willing to work. By the end of Q3 2017 the number of underemployed people stood at 116,200 people – almost 5 per cent of the labour force and over a quarter of all part-time employees.

**TABLE 2 IRELAND LABOUR FORCE DATA, Q3 2007- Q3 2017**

	2007 (Q3)	2012 (Q3)	2017 (Q3)	Change 07-17
<b>Employment</b>				
Labour Force	2,371,900	2,241,600	2,370,400	-1,500
LFPR %	67.4	62.1	62.4	-5.0
Employment %	72.5	60.2	68.0	-4.5
Employment (people)	2,252,200	1,887,100	2,206,800	-45,400
Full-time	1,828,200	1,417,100	1,768,800	-59,400
Part-time	424,100	470,000	438,100	+14,000
Underemployed	n/a	153,400	116,200	n/a
<b>Unemployment</b>				
Unemployed %	5.1	15.9	6.9	+1.8
Unemployed (people)	119,700	354,500	163,500	+43,800
LT Unemployed %	1.4	9.1	2.8	+1.4
LT Unemployed (people)	33,500	204,300	65,500	32,000
Potential Additional LF	n/a	n/a	115,900	n/a

**Source:** Healy *et al*, 2018, using QNHS on-line database.

**Notes:**

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

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

Comparable underemployment data is not available for 2007.

LT = Long Term (12 months or more).

While an element of these figures can be explained by the recession, and the suppressed levels of activity in some sectors, they also suggest the emergence of a greater number of workers in precarious employment situations. The growth in the number of individuals with fewer 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. Aside from the impact this has on the wellbeing of individuals and their families, it also impacts on their financial situation and adds to the challenges for people who work and are still poor. There are also impacts on the state given that 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.

The consequence of job losses was a sharp increase in unemployment and emigration. Dealing with unemployment, **Table 3** shows how it has changed between Q3 2007 and Q3 2017, a period when the numbers unemployed increased by almost over 36 per cent. Most of the unemployed, who had been employed in 2007 and before it, are seeking to return to a full-time job with just over 16.6 per cent of those unemployed in Q3 2017 indicating that they were seeking part-time employment. The impact of the unemployment crisis was felt right across the age groups with younger age groups seeing their numbers unemployed consistently fall since 2011 – a phenomenon not unrelated to the return of high emigration figures over recent years.

**TABLE 3 LABOUR FORCE DATA: UNEMPLOYMENT - HEADLINE STATISTICS 2007, 2012, 2017**

	Q3 2007	Q3 2012	Q3 2017	Change 2007-2017
Unemployment (people aged 15 or over)	119,700 people	354,500 people	163,500 people	+43,800 people
Long-term Unemployment rate (persons unemployed for 1 year or more)	33,500 people	204,300 people	65,500 people	+32,000 people
Long-term Unemployment as % Unemployment	28.0%	57.6%	40.1%	

**Source:** Healy *et al*, 2017, using QNHS on-line database.

One issue relates to disparities between the employment rates of low-, medium- and highly-skilled workers, which, according to the European Commission (2017; 2017a), are among the highest in the EU. Following review of the 2017 National Reform Programme, the Commission highlights skills mismatches and skills shortages in certain areas, and insufficient upskilling and reskilling opportunities (2017).

When we look at people with disabilities, Ireland has the lowest employment rate of people with disabilities in the EU – only 29.1 per cent against an EU average of 47.4 per cent (European Commission 2018a). When data from Census 2016 is considered, there were 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 as well as the 2006 National Disability Survey (CSO, 2008 and 2010) and a 2004 QNHS special module on disability (CSO, 2004). The latest summary figures released by the CSO in respect of Census 2016 suggest that among disabled people aged 25-34, almost half (47.8 per cent) were at work whereas by age 55 -64 only 25 per cent of those with a disability were at work (CSO 2017a). These low rates of employment among people with a disability is of concern. Apart from restricting their

participation in society, lack of employment opportunities ties disabled people 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.

A major question raised by the current labour-market situation concerns the priority given to paid employment over other forms of work. 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 Healy *et al.* 2017). Relatedly, the work done by Ireland's carers receives minimal recognition.

Another issue that is relevant is the right to work of asylum seekers where the processing of their cases is delayed, something that would assist in alleviating poverty and social exclusion amongst a very vulnerable group. On the 9<sup>th</sup> February 2018, the Supreme Court of Ireland declared the ban on asylum seekers accessing employment was unconstitutional. From that date, asylum seekers are permitted to apply for an employment permit as part of interim measures introduced by Government while they opt-in to the EU Reception Conditions Directive, however the conditions attaching to the employment permit (such as securing employment for at a minimum salary of €30,000 per year) are restrictive for many asylum seekers and difficulty accessing driving licences will act as a barrier for asylum seekers in availing of employment opportunities that may be available.

As the labour market improves, *Social Justice Ireland* believes that now is the time to adopt measures to address and eliminate these problems.

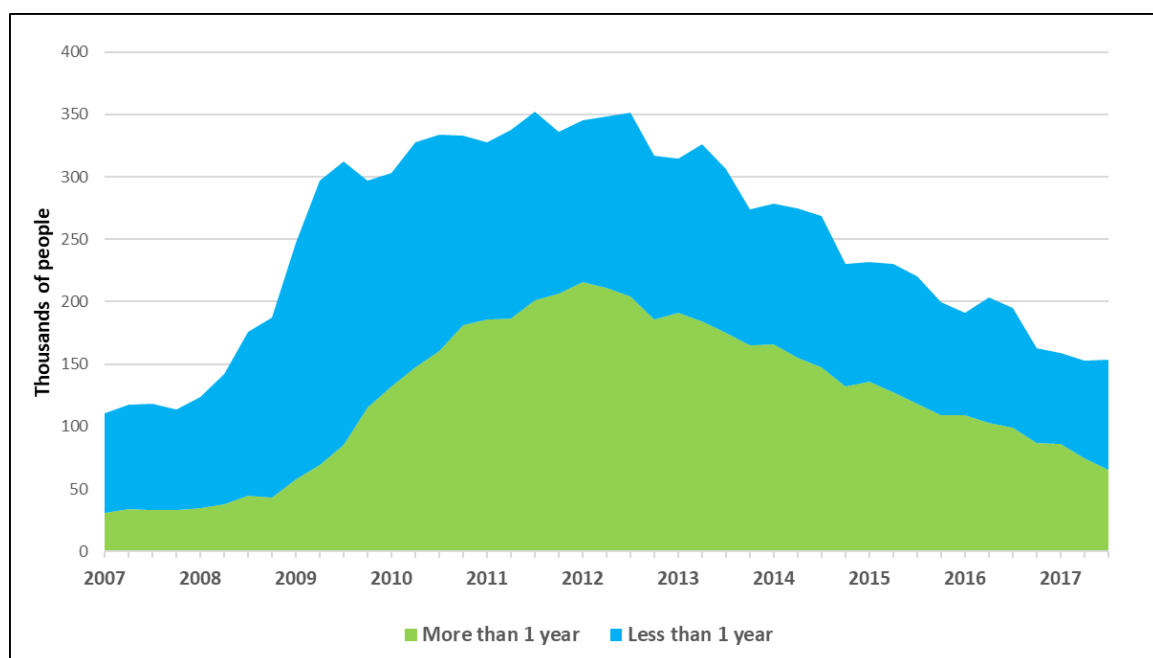
### **Long-Term Unemployment**

The rapid growth in the number and rates of long-term unemployment are also highlighted in **Table 3** and **Figure 4**. The number of long-term unemployed was less than 33,500 in Q3 2007 and has increased since, reaching 204,300 in Q3 2012 before falling again to 65,500 in Q3 2017. For the first time on record, the QNHS data for late 2010 indicated that long-term unemployment accounted for more than 50 per cent of the unemployed, by Q3 2012 the long-term unemployed represented 57.6 per cent of the unemployed and by Q3 2017, this figure had gone below 50 per cent to 40.1 per cent. The transition to these high levels since 2007 has been rapid, but are at least now going in the right direction. See Figure 4.

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 major policy failure that Ireland's level of long-term unemployment has been allowed to increase so rapidly in recent years. Furthermore, it is of serious concern that to date Government policy has given limited attention to the issue.

However, it is clear that reskilling many of the unemployed, in particular those with low education levels, needs to be a key component of the response. Using the latest data, for the Q3 of 2017, 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). At the other extreme, the scale and severity of the recession has resulted in high levels of third-level graduates becoming unemployed. While Government should not ignore any group in its attempts to address the unemployment crisis, major emphasis should be placed on those who are most likely to become trapped in long term unemployment – in particular those with the lowest education levels.

**FIGURE 4 THE INCREASED PRESENCE OF LONG-TERM UNEMPLOYMENT 2007-2017**



**Source:** Healy et al 2018 based on CSO, QNHS on-line database. **Note:** Data is for Q4 of each year.

Social Justice Ireland believes that this issue requires immediate and appropriate action. A specific sub-target on reducing long-term unemployment should be included in the National Reform Programme to ensure this issue receives the priority it demands.

### The Working Poor

The Europe 2020 Strategy recognises that large numbers of people who work nonetheless do not earn enough to get out of poverty. They represented an estimated 12.1 per cent of Europeans (EU28) (aged 18-64) who worked in 2016 (the latest year for which data are currently available, Eurostat online database [ilc\\_iw01](#)). For the EU as a whole the trend for people to be working and still in poverty was highlighted by the Social Protection Committee (2016a) as amongst its “trends

to watch” (that is, where around a third or more of all Member States show a significant deterioration in the given indicator), with the continued deterioration of the depth and persistence of poverty in a number of Member States continuing as a “trend to watch” the following year (2017b).

Eurostat data for 2016 relative to Ireland (the latest available) reports an in-work risk of poverty of 4.7 per cent (Eurostat online database **ilc\_iw01** – and note this is a statistic generated by Eurostat so as to be comparable across Europe).

In 2014, OECD published data suggesting that amongst the 34 countries that are members of the OECD, Ireland has a very high incidence of low pay<sup>7</sup> (relating to 2012) (OECD 2014). In fact, Ireland had the highest incidence of low pay amongst those European countries that are members of the OECD. Amongst the wider group of OECD member countries, Ireland’s rate was exceeded only by the United States, Korea and Israel (OECD 2014, Table N).

It is important that policy begin to address this problem, particularly given the large numbers of people affected. The concept of a ‘living wage’ is helpful. Attempts to increase awareness among low income working families of their entitlement to the Family Income Supplement (FIS) are also welcome. 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.

One of the most effective mechanisms available within the present system to address the problem of the working poor would be to make tax credits refundable, something on which *Social Justice Ireland* has published research. Its 2010 study, entitled *Building a Fairer Taxation System: the Working Poor and the Cost of Refundable Tax Credits*, showed that making tax credits refundable is feasible at relatively small cost. Such a move would have a very positive impact on those who are the working poor. We include a brief outline of the proposal in **Chapter 4**.

We strongly urge that a specific sub-target should be developed to address the issue of the working poor and incorporated in Ireland’s National Reform Programme.

## Youth Unemployment

While the increase in unemployment has been spread across all ages and sectors, **Figure 5** highlights the very rapid increase in the numbers unemployed under 25 years-of-age. The numbers in this group more than doubled between 2007 and 2009, peaking at 83,100 in Quarter 2 2009. Since then decreases have occurred, reaching 30,300 in late 2016 before increasing to

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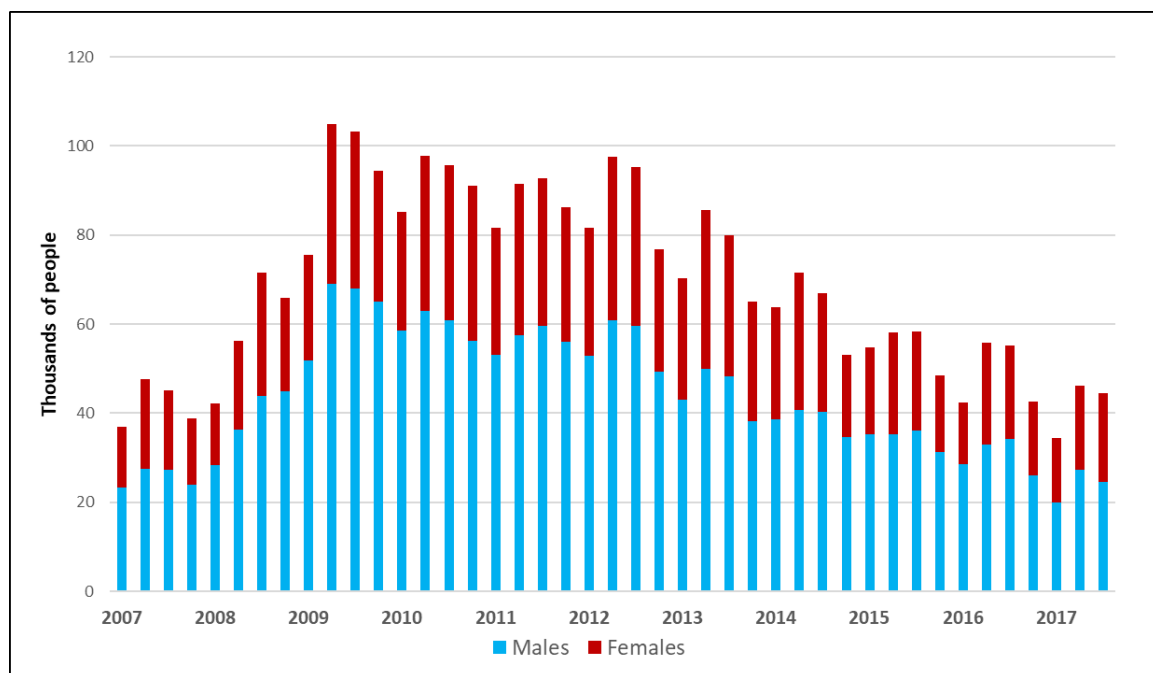
<sup>7</sup> The incidence of low pay refers to the share of workers earning less than two-thirds of median earnings (OECD 2014)

44,600 in 2017. Although we have limited empirical knowledge of the reasons for these decreases, some part is most likely associated with emigration trends over many of these years.

Although youth unemployment represents just over one-fifth of the total population that are unemployed, 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 ‘scaring effect’ on young people. It increases the challenges associated with getting them active in the labour market at any stage in the future. The latest rate for the number of young people aged 18-24 years in Ireland who are not in education, employment or training (NEETs) is 15.9 per cent (2016); the rate is 13 per cent for the age group 15-24 year olds (Eurostat online database [edat\\_lfse\\_20](#)). We will return to this when we discuss education.

As seen above, the Irish Government’s National Reform Programme 2020 target for employment is projected to be achieved through the greater participation in the labour market of young people (and some other groups). 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 of any programme to seriously address the unemployment crisis. At a European level, this issue has been receiving welcome attention over the past few years; driven by high levels of youth unemployment in other crisis countries.

**FIGURE 5 YOUTH UNEMPLOYMENT IN IRELAND BY GENDER, 2007-2017**



**Source:** Healy *et al*, 2018. CSO QNHS on-line database.



## Irish Government Initiatives

Government action to address this issue has focused on two main strategies – *Action Plan for Jobs* designed to increase the number of jobs available (with annual iterations) and *Pathways to Work* focusing on activation strategies intended to ensure that jobs are available to the unemployed. The latest iteration of the Action Plan for Jobs (2018) aims to create approximately 50,000 extra jobs. Regional actions plans have also been developed and the latest National Reform Plan (Government of Ireland 2017) references an investment of €60million in boosting regional employment. An employment strategy aimed at disabled people (Comprehensive Employment Strategy for People with Disabilities) was published in October 2015 (covering the period up to 2024), which aims to increase the employment rate of people with disabilities to 38 per cent.

While a range of activation measures were introduced under *Pathways to Work*, it is not, according to the European Commission (2018a), easy to assess their effectiveness in part because there are a number of different schemes with different agencies responsible. A case study on the Intreo ‘one-stop-shop’ service for jobseekers developed by the Reform Delivery Office of the Department of Public Expenditure and Reform in partnership with UCD identified change management, staff redeployment and integration and the designing of a new service as the main ‘Issues and Challenges’ faced.

The European Commission’s 2018 country report for Ireland (March’18) highlighted that there are large disparities for different skills groups and that labour-market improvements have not yet improved the prospects of low-skilled workers. As mentioned above, disparities between the employment rates of low-, medium- and highly skilled workers were among the highest in the EU in 2015 and discrepancies have decreased only marginally in Ireland since 2010, compared to faster falls in some other Member States. This suggests that the labour market recovery has not yet been able to reverse the relative deterioration of labour market prospects that low-skilled workers have experienced since 2008 (European Commission 2018a).

### **Social Justice Ireland – Response**

Job growth in recent times is very welcome. However, as outlined above and as detailed in its quarterly Employment Monitors (see Social Justice Ireland, *Employment Monitor*), *Social Justice Ireland* is concerned about several of the ways that the labour market is developing. The *Employment Monitor* includes an estimate of the ‘jobs gap’, a measure of the number of jobs the economy must create to match peak performance levels, adjusting for labour market and demographic developments. In December 2017, Ireland had a jobs gap of 106,600, illustrating the scale of the challenge faced by policymakers tasked with the goal of creating full employment. Headline employment numbers are useful but tell us little about who is benefitting and which groups are being left behind.

Amongst the issues that we highlight are high levels of underemployment, a high incidence of State income support amongst employees, an increased number of discouraged workers leaving the labour force, low pay in the labour force, precarious employment, and a significant number of workers earning less than a living wage. Other issues that our *Employment Monitors* have highlighted include the high rate of long-term unemployment which, while falling below 50 per cent for the first time in seven years in 2017, remains stubbornly high at more than 40 per cent, and with older workers by far the worst affected, and regional employment trends that mean that certain regions experience an employment situation notably worse than the rest of the country and the benefits of employment growth are skewed toward the greater Dublin region; imbalance economic growth has detrimental consequences not only for the regions but also for the greater Dublin region.

Social Justice Ireland welcomes many of the initiatives included in *Action Plan for Jobs* but is concerned that the measures included do not reflect an acknowledgement of the extent of all the problems faced. If the challenge of unemployment is to be addressed effectively, *Social Justice Ireland* believes that Government should:

- Launch a major investment programme focused on creating employment and prioritising initiatives that strengthen social infrastructure, including a comprehensive school building programme and a much larger social housing programme.
- Resource the up-skilling of those who are unemployed and at risk of becoming unemployed through integrating training and labour market programmes.
- Adopt policies to address the worrying trend of youth unemployment. In particular, these should include education and literacy initiatives as well as retraining schemes.
- Recognise the scale of the evolving long-term unemployment problem and adopt targeted policies to begin to address this.
- 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

For more detail on these and on related initiatives see Healy *et al.* 2018.

## **Social Justice Ireland Recommendations for the National Reform Programme**

*Social Justice Ireland* has argued in this Chapter and elsewhere for a number of actions by Government to address the issue of unemployment. These include a recommendation that Government make substantial investments aimed at creating jobs and improving social infrastructure. This should be accompanied by quantified measures of sufficient scale to deal with unemployment, long-term unemployment and youth unemployment. These initiatives should be

incorporated into the National Reform Programme with measurable targets for the short-term, medium-term and long-term. These measures should include investment measures and programmes to reduce long-term unemployment, in particular.

In addition, we make the following recommendations for changes to the targets set in Ireland's National Reform Programme:

- **We recommend an ambitious new national target relative to employment as well as a range of more ambitious measures aimed at reaching that target.**
- **Long-term unemployment: We recommend that a sub-target be added to the current National Reform Programme headline target:**

**To reduce the level of long-term unemployment to 1.3% of the labour force.**

- **Working poor: We strongly urge that a specific sub-target should be developed to address the issue of the working poor. We propose the following sub-target be added to the current headline target:**

**To reduce in-work poverty by making tax credits refundable.**

### 3. Education

**EU Headline Target: A target on educational attainment which tackles the problem of early school leavers by reducing the dropout rate to 10% from the current 15%, whilst increasing the share of the population aged 30-34 having completed tertiary education from 31% to at least 40% in 2020.**

**Ireland Headline Target: To reduce the percentage of 18-24 year olds with at most lower secondary education and not in further education and training to 8%; to increase the share of 30-34 year olds who have completed tertiary or equivalent education to at least 60%.**

#### European Context

The headline target in the Europe 2020 Strategy, stated above, focuses both on early leavers from education and training<sup>8</sup> and on tertiary (or third level) education<sup>9</sup>.

The following issues concerning education in Europe were referenced in the Strategy:

- One in seven young people left education and training too early,
- Less than one person in three aged 25-34 had a university degree,
- Eighty Million People had low or basic skills, but lifelong learning benefitted mostly the more educated.
- By 2020, the demand for low skills will drop by 12 million jobs

(European Commission, 2010).

The Europe 2020 Strategy recognises how all its targets are linked and improved educational achievement of young people is seen as a cross-cutting measure that addresses two priority areas of the Europe 2020 Strategy - that for 'smart growth' by improving skills levels, and 'inclusive growth' by tackling one of the major risk factors for unemployment and poverty. It sees reducing early school-leaving as a gateway to achieving other Europe 2020 Strategy targets.

The EU also has a strategic framework for cooperation in education and training under which targets have also been set for 2020 - The Strategic Framework for European Union cooperation in Education and Training (known as 'ET 2020'). In it four strategic objectives are identified:

1. Making lifelong learning and mobility a reality;

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<sup>8</sup> The indicator is defined as the percentage of the population aged 18-24 with at most lower secondary education and who were not in further education or training during the last four weeks preceding the survey. Lower secondary education refers to ISCED (International Standard Classification of Education) 2011 level 0-2 for data from 2014 onwards and to ISCED 1997 level 0-3C short for data up to 2013. (Eurostat, t2020\_40)

<sup>9</sup> The share of the population aged 30-34 years who have successfully completed university or university-like (tertiary-level) education with an education level ISCED 1997 (International Standard Classification of Education) of 5- (Eurostat, t2020\_41).

2. Improving the quality and efficiency of education and training;
3. Promoting equity, social cohesion and active citizenship;
4. Enhancing creativity and innovation, including entrepreneurship, at all levels of education and training (Council of the European Union, 2009).

The 'ET 2020' framework is considered to be consistent with the 2020 Strategy, capable of making a significant contribution towards achieving its objectives. The four objectives (above) are considered applicable for adult education. Amongst the targets which the ET 2020 framework has set for 2020 are:

- at least 95 per cent of children between the age of four and the age for starting compulsory primary education should participate in early childhood education;
- the share of 15-years olds with insufficient abilities in reading, mathematics and science should be less than 15 per cent;
- an average of at least 15 per cent of adults (age group 25-64) should participate in lifelong learning.

According to the OECD, the highest performing education systems internationally are those that combine quality with equity – by equity they meant that personal or social circumstances like gender, family or ethnic origin are not obstacles to achieving educational potential and that all individuals reach at least a basic minimum (OECD, 2012).

## **Ireland: Education and Europe 2020 Strategy Targets**

Overall, Ireland compares well relative to many European countries in terms of the two targets relating to education established under the Europe 2020 Strategy.

In particular, at 53.3 per cent in 2017, Ireland's share of 30-34 year olds who have completed tertiary or equivalent education is amongst the highest in Europe (Eurostat **t2020\_41**). The EU average for 2017 was 39.7 per cent (EU-28). The Irish Government established an ambitious target of 60 per cent in regard to this in the National Reform Programme (well above the EU target of 40 per cent). See **Figure 6**.

But Ireland also faces challenges in relation to how higher education is to be funded and funding for higher education has been decreasing since 2009 despite steadily increasing enrolments both full and part time. At third level there was a decrease of 27.5% in real expenditure per student, falling from €10,579 per student in 2005 to €7,673 by 2014 (Central Statistics Office 2016) and it is projected by the Department of Education & Skills (2015b) that the number of full-time students will continue to rise every year between 2015 and 2028, reaching 203,562 by 2028. It is a pressing question given that significant growth is projected in those accessing education at all levels (Central Statistics Office 2012). One disappointing aspect of third level education in Ireland is that OECD survey findings suggest that mean literacy and numeracy levels of Irish people with tertiary education are relatively low by comparison with other participating countries (OECD PIAAC survey

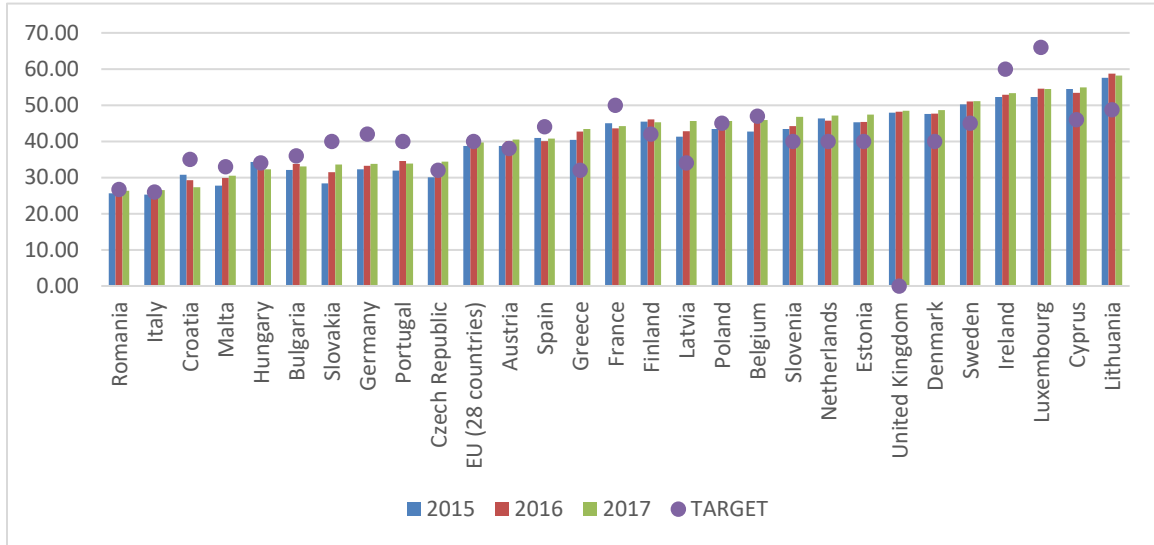
online database) – something we will return to below as part of our discussion of literacy. A Government appointed expert group has concluded that the sector will require a significant and sustained increase in the funding arising from positive demographics and a period of underinvestment, and the group noted the need to benchmark requirements against funding in those countries we aspire to emulate and compete with (Expert Group on Future Funding for Higher Education 2015).

Another issue for higher education is that access and equity are problematic for disadvantaged socioeconomic groups. Young people with a more disadvantaged socioeconomic background are less likely to attend university given their insufficient educational achievement at upper secondary school and financial constraints (European Commission 2016c; McCoy and Smyth 2011; Cullinan *et al* 2013).

In the *National Strategy for Higher Education to 2030*, the Higher Education Authority discusses broadening the base of funding for Higher Education Institutions and makes 26 recommendations for the future of higher education in Ireland, one of which is to establish some form of student loan system to make the financing of higher education sustainable. There are arguments for and against this proposal, but there is research concluding that an income contingent student loan would be the most equitable funding option for Ireland (Flannery and O'Donoghue 2011).

These issues pose significant policy challenges and it is difficult to see how public spending on higher education can be curtailed given the projected growth in the relevant population and it is also difficult to see how the sector can be funded on student loans alone. The sector requires long-term sustainable Government funding to ensure that it can deliver what is required of it in terms of human capital and inclusion.

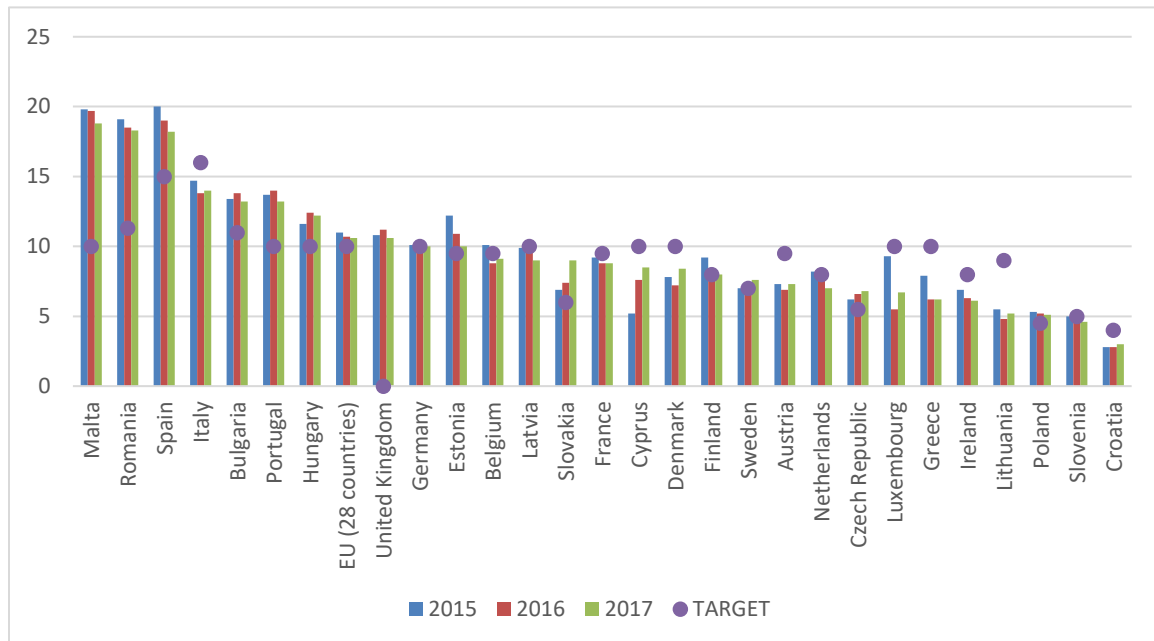
**FIGURE 6 TERTIARY EDUCATION ATTAINMENT, 2015-2017, AGES 30-34, WITH NATIONAL TARGET**



**Source:** Eurostat, t2020\_41. Note: No target supplied for United Kingdom

The European average for 18-24 year olds classified as early school-leavers was 10.6 per cent in 2017 (provisional) (EU28) (Eurostat, t2020\_40). The corresponding figure for Ireland was 6.1 per cent (provisional), and the rate has been steadily falling in recent years, meaning that, based on the latest available figures across Europe, our ranking is 5<sup>th</sup> lowest (EU28) (Eurostat, t2020\_40). Ireland has reached and exceeded the target set in the National Reform Programme (of 8 per cent). See **FIGURE 7** for European rankings and national targets.

**FIGURE 7 EARLY SCHOOL LEAVING: EU-28 WITH EUROPE 2020 STRATEGY TARGETS**



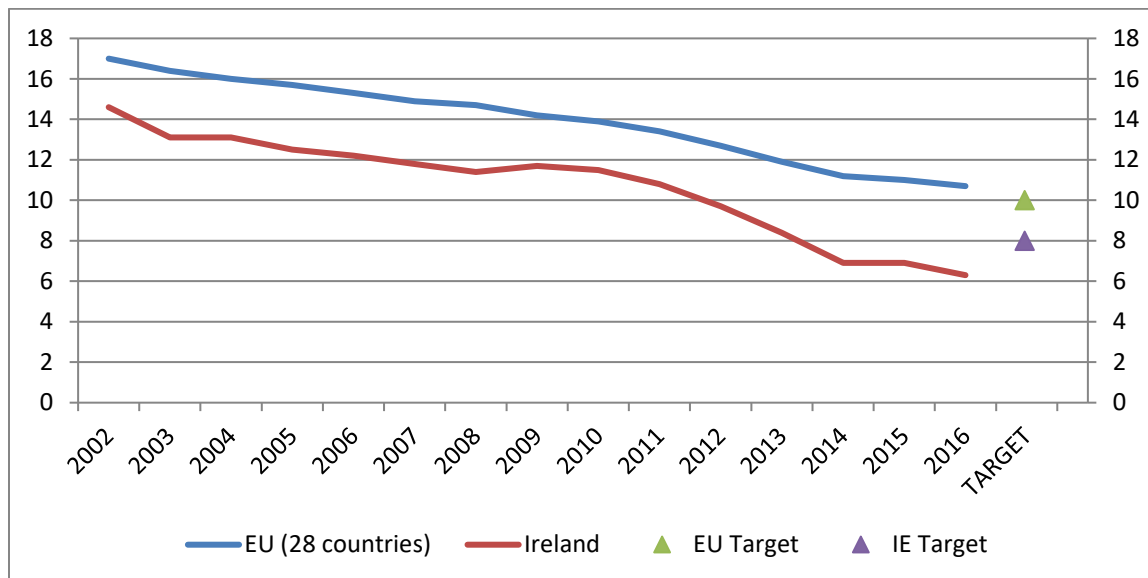
**Source:** Eurostat, **t2020\_40**. Relates to the percentage of the population aged 18-24 with at most lower secondary education and not in further education or training. **Note:** No target stipulated for United Kingdom.

As Figure 7 shows, a decrease in this rate has been evident for several years, a very positive trend. However, given that Ireland’s percentage of early school-leavers was 11.5 per cent in 2010, when the European 2020 Strategy was adopted, the 8 per cent target adopted by the Irish Government was not at all ambitious, something that *Social Justice Ireland* has argued. Unfortunately the same target (8 per cent) has recently been repeated in the *Updated National Action Plan for Social Inclusion* (Department of Social Protection 2016:8). A consultation on the National Action Plan for Social Inclusion 2018 to 2021 is currently underway. *Social Justice Ireland* urges Government to reduce this target to something worth aspiring to, such as 2 per cent by 2021.

Students from low economic backgrounds are twice as likely to be low performers in the education system which is associated with a lack of inclusion and fairness that they experience (OECD 2012). In fact in disadvantaged Irish schools (DEIS), the rate of early school leaving is currently 15.6 per cent (Department of Education and Skills 2017).



**FIGURE 8 EARLY SCHOOL LEAVING RATE AMONGST 18-24 YEAR OLDS**



**Source:** Eurostat, t2020\_40

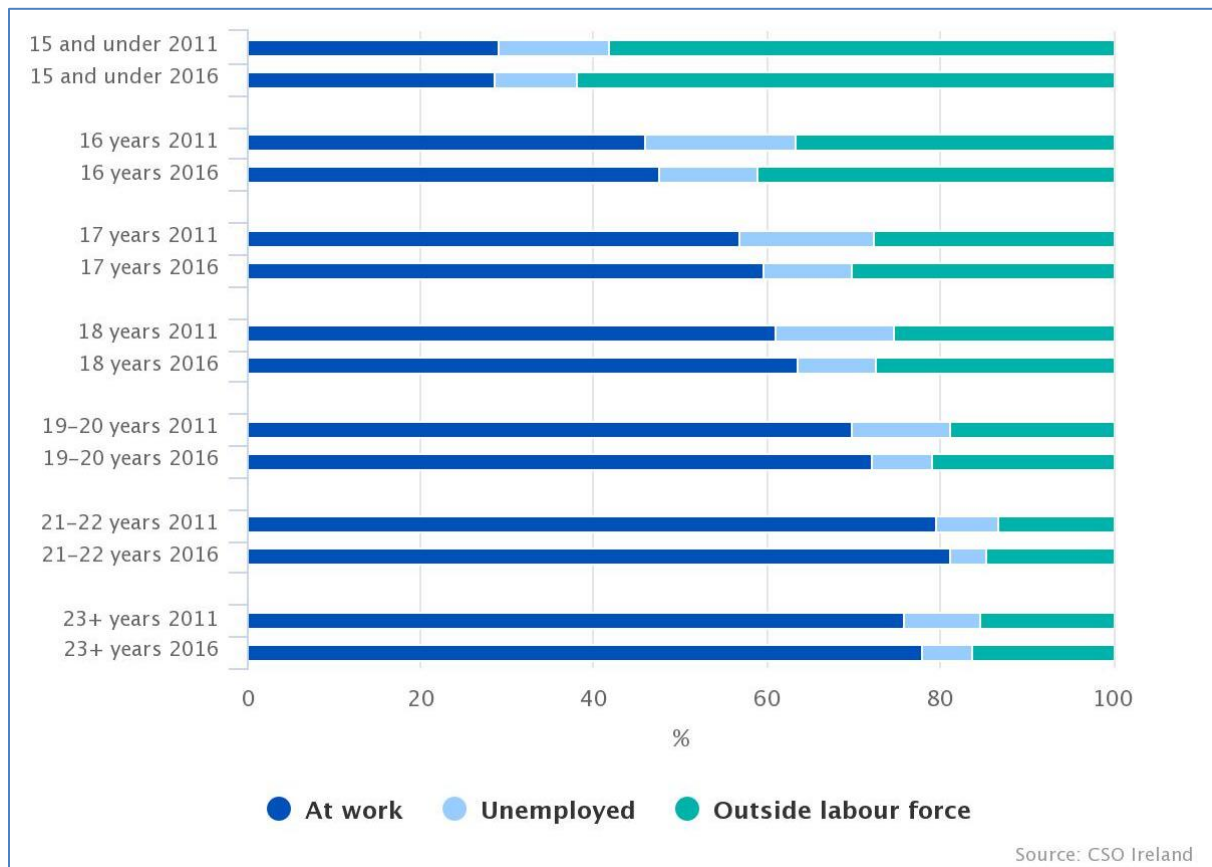
Early school leaving not only presents problems for the people involved, but it also has economic and social consequences for society. Education is the most efficient means by which to safeguard against unemployment. The risk of unemployment increases considerably the lower the level of education. Participation 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 individual’s lifetime. A review of the economic costs of early school leaving across Europe confirms that there are major costs to individuals, families, states and societies (European Commission, 2013a). That study showed that inadequate education can lead to:

- large public and social costs in the form of lower income and economic growth,
- reduced tax revenues, and
- higher costs of public services related, for example, to healthcare, criminal justice and social benefit payments.

Furthermore, there is a recognised cyclical effect associated with early school leaving, resulting in the children of early school leavers experiencing reduced success in education (European Commission, 2011). A study by the ESRI on the vulnerability of children in Ireland found a strong association between persistent poverty and lone parenthood as well as lower levels of parental education (Watson *et al* 2015). This points to the importance of education and skills acquisition, particularly for those at risk of early school leaving.

Educational qualifications are still considered the best insurance against unemployment, which clearly increases the lower the level of education attained. Figure 9 shows that those who left education earlier are more likely to be outside the labour force or unemployed (Central Statistics Office, 2017).

**FIGURE 9: ECONOMIC STATUS BY AGE EDUCATION CEASED, 2011-2016**



**Source:** Census of Population 2016 – Profile 10 Education, Skills and the Irish Language, [www.cso.ie](http://www.cso.ie)

Ireland’s early school leaving rate must also be viewed in light of the country’s NEET rates (young people neither in education, employment nor training), which is relatively high relative to the European average rates. See **Table 4**. Thus though Ireland’s NEET rate for 15-24 year olds has dropped considerably in recent years, at 13 per cent (2016), it is still higher than the EU-28 average of 11.5 per cent for this age group (Eurostat online database **edat\_lfse-20**). When we look at the age group 18-24 years, again the rate has improved but, at 15.9 per cent in 2016, it is just above

the EU-28 average of 15.2 . At 15.2 per cent, the rate for the age group 15-29 is a percentage point higher than the EU-28 average.

**TABLE 4 NEET RATE, 2016, IRELAND AND EU-28**

NEET Rate, 2016	Ireland	EU-28
Age 15-24	13	11.5
Age 18-24	15.9	15.2
Age 15-29	15.2	14.2

Eurostat online database **edat\_ifse-20**

Thus the very significant disadvantages that flow from early school leaving, its prevalence, especially in schools in disadvantaged areas, and Ireland’s relatively high NEETs rate suggests that early school leaving is an issue that requires attention from public policy. It may be time to try alternative approaches aimed at ensuring that people affected attain the skills required to progress in the future and can participate in society.

Ireland’s National Reform Programmes refer to the DEIS scheme<sup>10</sup> (Delivering Equality of Opportunity in Schools) as a key measure in supporting the achievement of the national target in regard to early school leaving. Evaluation suggests that the DEIS programme is having a positive effect on educational disadvantage – including on retention rates (to Leaving Certificate) (Government of Ireland, 2016) and a range of targets have been included in the DEIS Plan for 2017, including to increase the retention rate in second level to the national norm by 2025<sup>11</sup>.

Unfortunately, however, 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- see Healy *et al.* 2017). This was done at a time of demographic change which means that there are increasing pressures on this budget. 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. The commitment of further support and development of the DEIS programme in 2017 is welcome, however *Social Justice Ireland* is concerned by reports that 257 schools identified by Government as being in need were excluded from funding in Budget 2018 (O’Brien, 2017).

*Social Justice Ireland* welcomed certain measures included in Budgets 2015 to 2018 (such as the increase in funding to first, second and early years education, increased teaching posts and increased capitation funding); these were necessary to keep pace with demand due to

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<sup>10</sup> DEIS focuses on the needs of 3 -18 year olds from disadvantaged communities.

<sup>11</sup> the target is to increase retention rates at second level in DEIS schools from their current rate of 82.7% to the national norm, currently 90.2%, by 2025

demographic changes. 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. Approaches in the area of adult literacy and lifelong learning are important in this context, something that we will come to later in this chapter.

## Ireland: Education More Generally

Despite Ireland having the youngest population in Europe with 28.2 per cent of the population aged 0-19<sup>12</sup>, Ireland spends relatively limited amounts on education. Our expenditure on education as a proportion of total Government expenditure is just above the EU average (Healy *et al.* 2017, see Chart 8.2 based on Eurostat figures). According to the OECD, the highest performing education systems across countries are those that combine high quality and equity (2012).

The National Risk Assessment (Department of An Taoiseach, 2017) identifies the lack of investment in education, and in particular higher education, as one of the six social risks facing Ireland and points to education as being among the areas of ‘acute concern’ to an increasing population. The report singles out human capital as an area for investment as our future economic performance will depend on the quality of Ireland’s human capital. Education is widely recognised as crucial to the achievement of our national objectives of economic competitiveness, social inclusion, and active citizenship.

However, the overall levels of public funding for education in Ireland are out of step with these aspirations. Under-funding 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. Higher education is also facing a significant funding shortfall and future resourcing of this sector is a key challenge currently facing Government. 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. *Social Justice Ireland* welcomed the Government’s allocation of €10.1 billion to education (almost €7 billion of which was allocated to first, second and early years education) in Budget 2018 and stresses the importance of prioritising those areas within education which are most pressing, particularly in disadvantaged communities.

For Higher Education, the *Final Report of the Independent Expert Panel* (Higher Education Authority, 2018) recommends a transparent model of funding providing clarity on where such

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<sup>12</sup> Ireland had the highest young age dependency ratio in the EU in 2014, when the number of people aged under 15 as a percentage of those aged 15-64 was 33.6%; Ireland had the second lowest old age dependency ratio in the EU in 2014, when the number of people aged 65 and over as a percentage of those aged 15-64 was 19.3% (CSO 2015) *Age dependency ratio* is the *ratio* of dependents-people younger than 15 or older than 64-to the working-age population--those ages 15-64. Data are shown as the proportion of dependents per 100 working-age population.

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. While *Social Justice Ireland* welcomes innovation in funding allocation and a move towards a more demand-based system to support students in their chosen careers, we are concerned at the inclusion of the recommendation from the Cassels report on funding options for higher education to supplement funding by way of 'income contingent loans', deferred fees payable after graduation at a rate of 2-8 per cent interest. This model of funding is contingent on the availability of well-paid employment after graduation which can sustain an increased cost of living and rent inflation in addition to loan repayments.

The OECD has called skills 'the new global currency of 21st Century economies' (OECD, 2012). 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, 2017). Their report found that countries who embraced Global Value Chains (GVCs), where workers in different countries contributed to the design, manufacture and sale of products experienced a boost in labour productivity growth in industry. According to the report, Ireland has increased its participation in GVCs, but has seen weak social and economic development on foot of this, due partly to insufficient skills (Ireland is 'average' on each of the skills sections). Ireland has a high level of specialism in technologically advanced industries and has seen an increase in productivity, but is average across the scoreboard in terms of population skills.

According to the World Economic Forum, the accelerating pace of technological, demographic and socio-economic disruption is transforming industries and business models, changing the skills that employers need and shortening the shelf-life of employees' existing skill sets (World Economic Forum, 2016). The impact of disruptive change on existing skill sets means that almost half of subject knowledge acquired during the first year of a four year technical degree will be outdated by the time students graduate. By 2020, the report argues, more than a third of the desired core skill sets of most occupations will be comprised of skills that are not considered crucial to the job today, with the largest amount of skills disruption expected in the areas of Financial Services and Investments.

Despite recognition of the need for investment in education and human capital in the National Risk Assessment 2017, Government policy to date has been more focussed on reducing expenditure rather than increasing it. Capital grants at primary, post primary and further education level were cut in successive budgets from 2011 to 2015, as was the core pay and non-core pay funding for Higher Education Institutions. The policy of expenditure cuts pursued during this period is at odds with a strategy of increasing investment in human capital. Although the funding available for education increased in Budgets 2016 to 2018, the deficits that exist within the system require significant additional resources. This requires the development of a long-term education policy strategy to enable the prioritisation of issues as education competes with other sectors for an increased share of limited public resources.

Investment is required at all levels of our education system. In reality this will mean increased expenditure, both current and capital at all levels and over a period of time. In terms of planning for demographic pressures the Government has allocated €3.8 billion to education in the Capital Plan 2016-2021. The key objective of this plan is to meet the demand for new places at all levels. The Final Report of the Expert Group on Funding Higher Education points out that funding requirements for higher education should be benchmarked against the funding in those countries we aspire to emulate and compete with.

As outlined above, the Europe 2020 strategy only sets targets in two areas of education. There are also a number of areas of education where Ireland does not do well in international comparisons. These include:

- **ECCE:** Ireland traditionally did not invest public funds in **early childhood education** on any wide-scale basis although a scheme now operates (the ECCE Early Childhood Care and Education Scheme, ECCE);
- **Literacy:** The OECD PIAAC study 2013 (the most up to date data on adult literacy in Ireland) shows that a very significant proportion of the adult population still does not possess the most basic literacy, numeracy and information processing skills considered necessary to participate in today's world (OECD 2013).
- **Lifelong Learning:** Ireland's participation rates in **lifelong-learning** do not compare well with other European countries, being well below the average.

In the remainder of this Chapter, we will consider the position of Ireland in the areas covered by three of the targets set by the ET 2020 strategy – namely, that for early childhood or pre-school education, people with literacy difficulties, and lifelong learning.

### **Early-Childhood Education**

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 education is associated with better performance later on in school. The OECD found that 15-year-old pupils who attended pre-primary education perform better on PISA testing (Programme for International Student Assessment) than those who did not, even allowing for differences in their socio-economic backgrounds. (OECD, 2016:233). This was also the case in Ireland, where the country-specific results show that Irish students who attended pre-school scored significantly better than those who did not (Shiel et al., 2016:101). In short, early childhood is the stage where education can most effectively influence the development of children and help reverse disadvantage (European Commission, 2011).

The most striking feature of investment in education in Ireland relative to other OECD countries is its under-investment in early childhood education. In consecutive studies, Ireland has spent just 0.1 per cent of GDP on pre-primary education compared to an OECD average which increased from 0.5 to 0.8 per cent (OECD, 2017(b):5, 2012: 339). The introduction of the Early Childhood Care and Education (ECCE) Scheme in 2010 represented a positive first step in addressing this. The present ECCE scheme provides every child with free pre-school education from the age of three years (that is, three hours of pre-school care for thirty-eight weeks in each year free of charge) until they start primary school. ECCE, also known as the 'free pre-school' package, is designed as an educational measure to better integrate the educational experience of young children. Even with this 'free pre-school', Ireland's enrolment rate of 38 per cent in early education at age 3 lags behind the OECD and EU22 averages of 78 and 80 per cent respectively (OECD, 2017(b)). It is possible that this disparity may be attributed to parents in Ireland waiting until their child turns four before enrolling them in education and a comparative metric for OECD countries for children aged 3, 4 and 5 would be instructive in this regard. The *Review of Early-Years Education-Focused Inspection: April 2016 to June 2017* (Department of Education and Skills, 2018) suggested improvements among the early childhood education providers inspected primarily in the areas of inclusiveness and engagement among children, promoting self-evaluation and awareness and a balance between adult-led and child-driven education. This move towards a more child-centric education is to be welcomed, as a positive relationship with education from an early age will help foster a life-cycle commitment.

ECCE in Ireland – some key data:

- Ireland has the highest rate of all OECD countries of children attending pre-primary education in private, non-government dependent institutions;
- Ireland is the only country in the EU with no public provision of ECCE for either age group (under or over three) (Eurydice/Eurostat, 2014);
- In Ireland CPD (continuous professional development) is not compulsory for educational and care staff in the ECCE sector (Eurydice/Eurostat, 2014);
- The percentage of graduates working in the sector, at 18 per cent, is below the 60 per cent recommended level (Joint Committee on Children and Youth Affairs, 2017).

The Joint Committee on Children and Youth Affairs (2017) recommended that an Early Years Strategy be published to avoid further fragmentation of the sector as an immediate priority. It further recommended that a plan be implemented to incrementally introduce parity of pay and conditions for staff within the sector with those of the wider education community, together with a national pay scale that recognises qualifications, experience and length of service.

This feeds into the third recommendation of the Inter-Departmental Working Group on Future Investment in Early Years and School-Age Care, which recommended that Government policy in this area be developed over a number of years focussing on three areas: (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. The working group estimates that based on current GDP, every 0.1 per cent increase in public expenditure on childcare and early education would require an additional expenditure of about €180m. Over a 7-year period, to reach the OECD average of 0.8 per cent GDP, this would cost €1.26 billion. This view is also supported by the Joint Committee on Children and Youth Affairs (2017) which recommended that an urgent cost-review of the sector be conducted so as to accurately calculate the necessary finances and ensure sustainability of the sector.

High quality educational experiences in early childhood contribute significantly to life-long learning success (DES, 2018(a)). 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 an adequate education.

It is necessary to distinguish between provision of early childhood education (which is only available during the school year and for a small number of hours) and quality and affordable childcare. The issue of childcare is of concern to the European Commission and features in Country-Specific Recommendations for Ireland. Most recently concern was registered about quality childcare provisions, including the availability of fulltime services and the fact that, as a percentage of wages, net childcare costs in Ireland are among the highest in the EU (European Commission 2017b). (For a discussion of childcare by Social Justice Ireland see Healy et al. 2017, Chapter 9).

### **Literacy –Adults and Children**

In its 2015 iteration, the Irish Government’s National Reform Programme referred to the issue of **adult literacy** for the first time, reflecting issues that had been raised at a consultative forum by voluntary organisations and others (in March 2015). *Social Justice Ireland* welcomed this. Unfortunately, adult literacy does not feature in the more recent iterations of the National Reform Programme (Government of Ireland 2016; 2017). Poor adult literacy standards are a significant barrier to achieving the aims of the 2020 Strategy for inclusive growth, given that those with low literacy skills are almost twice as likely to be unemployed as others (OECD, 2013) and are more likely to report poor health outcomes and are less likely to participate in social and civic life.

The OECD PIAAC study in 2013, which provides the most up to date data on adult literacy in Ireland, shows that a very significant proportion of the adult population still does not possess the most basic literacy, numeracy and information processing skills considered necessary to participate in today’s world. On literacy, Ireland is placed 17<sup>th</sup> out of 24 countries with 18 per cent

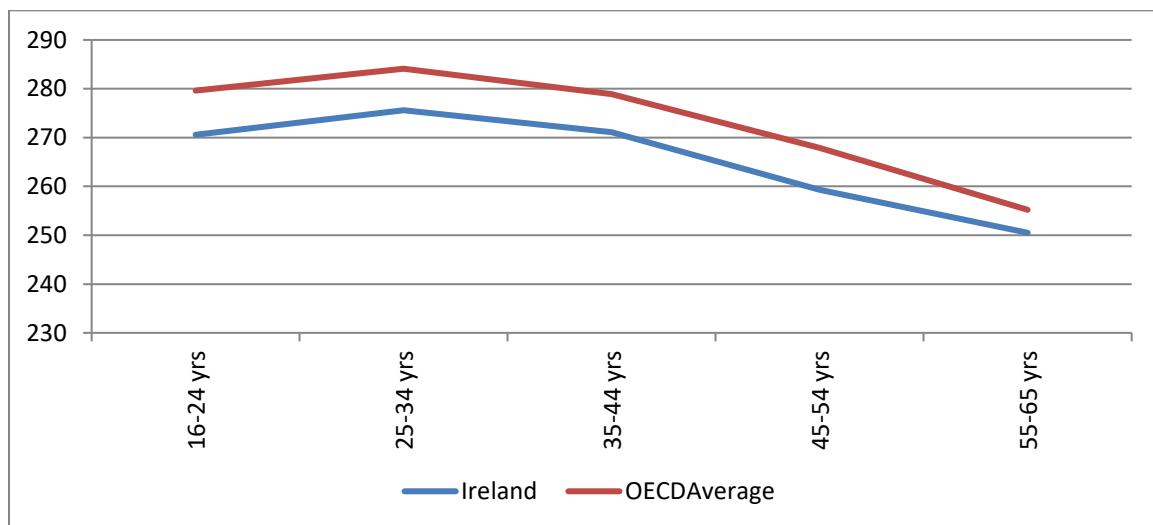


of Irish adults<sup>13</sup> having a literacy level at or below level 1. People at this level of literacy can understand and follow only basic written instructions and read only very short texts (CSO 2013; OECD, 2013). On numeracy Ireland is placed 19<sup>th</sup> out of 24 countries with 26 per cent 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. All of this means that a very significant proportion of the adult population does not have the most basic literacy, numeracy and information-processing skills that are necessary to successfully negotiate today’s world.

The report also found that there is no statistical difference between average literacy scores of adults in Ireland from IALS (data gathered in 1994) and PIAAC in 2012. In other words, the adult literacy strategy implemented by successive governments in the intervening years has not succeeded in addressing Ireland’s adult literacy problem.

In terms of literacy mean scores, Ireland is consistently below the OECD average in every age cohort. See Figure 10. While significant progress has been made between the younger cohorts (15-35) compared to the older cohort (55-65), the gap between Ireland and the OECD average has increased. There is a larger difference between Ireland and the OECD average for younger people than for older people. This poor result undermines Ireland’s long-term capacity to compete with other countries in an increasingly knowledge-based global economy.

**FIGURE 10: AVERAGE LITERACY SCORES OECD AND IRELAND, 2012**



**Source:** OECD online database, PIAAC

The Further Education Strategy 2014-2019 includes reference to the issue of literacy and numeracy, and includes 12 actions described as a ‘literacy and numeracy strategy’. Key amongst these is a promotional campaign to elicit higher levels of engagement (SOLAS, 2014, p.100). However, it is disappointing that the strategy fails to set specific literacy targets or to commit

<sup>13</sup> Those aged 16-65

additional funding. The serious issue of adult literacy deserves a detailed high-level strategy, one that is more comprehensive than the commitments incorporated in the current strategy. The case for ambitious literacy targets and investment in education and lifelong learning are further supported by Ireland's poor performance in PIAAC.

Society is ever more dependent on literacy skills as a result of several issues such as 'low-skilled' work now requiring higher performance due to automation, information on state services being most readily available online, schooling requiring parental involvement, goods/services being available for purchase online (Dorgan, 2009). *Social Justice Ireland* welcomes the development of an 'Upskilling Pathways Plan – New Opportunities for Adults' included in the Action Plan for Education 2018 (DES, 2018(b)) 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 in their Recommendation of the 19th December 2016.

We also urge that a specific target on adult literacy be included as a sub-target in the National Reform Programme to ensure this issue receives the priority it urgently requires.

While the Europe 2020 Strategy does not set a headline target for literacy levels, the ET 2020 framework does in the case of **younger people**. The target is for less than 15 per cent of 15-years olds with 'insufficient abilities in reading, mathematics and science'.

There are 558,314 students enrolled at primary level; an increase of 22 per cent since 2005. Ireland has a pupil teacher ratio of 15.7 at primary level, the eight highest in the EU. The average class size in Ireland at primary level is 24.7, the second highest in the EU. This is an issue that needs to be addressed.

Research from the Educational Research Centre examined English Reading and Mathematics at 2nd and 6th class in primary schools (Shiel, Kavanagh and Millar 2014). Students' performance has improved significantly at primary level for the first time since the early 1980s. These very welcome improvements were evident in both DEIS (Delivering Equality of Opportunities in Schools) and non-DEIS schools. These results show that the targets set out in the *National Literacy and Numeracy Strategy 2011-2020* for children at primary level have already been achieved. This strong performance has given the Minister for Education scope to set ambitious new targets now that the interim review of the strategy has been completed. There is now ample evidence to support the more ambitious literacy and numeracy targets announced last year. A further study by the Education Research Centre (Kavanagh et al, 2017) also shows that there is still significant scope for improvement. The large proportion of very low achievers in reading in DEIS Band 1 schools is worrying (44 per cent of pupils in 2nd class in DEIS Band 1 schools performed at or below the lowest proficiency level on overall reading) and there is room for improvement on mathematics and problem solving across all schools, although results of the most recent round of testing indicate that reading and mathematics achievements of students in DEIS primary schools have continued to improve (Kavanagh, Weir and Moran 2017). In terms of mathematics and science, the TIMSS (Trends in International Maths and Science Study) 2015 results show a

significant improvement in the performance of primary school pupils in mathematics and an improved performance in science since the 2011 study. The drivers of these positive trends have rightly informed the focus and more ambitious targets for the remaining period of the *National Literacy and Numeracy Strategy*. Updated and more ambitious targets for literacy and numeracy for the remainder of the strategy to 2020 are to be welcomed, as are the sub-targets for DEIS Band 1 urban primary schools (Department of Education and Skills 2017).

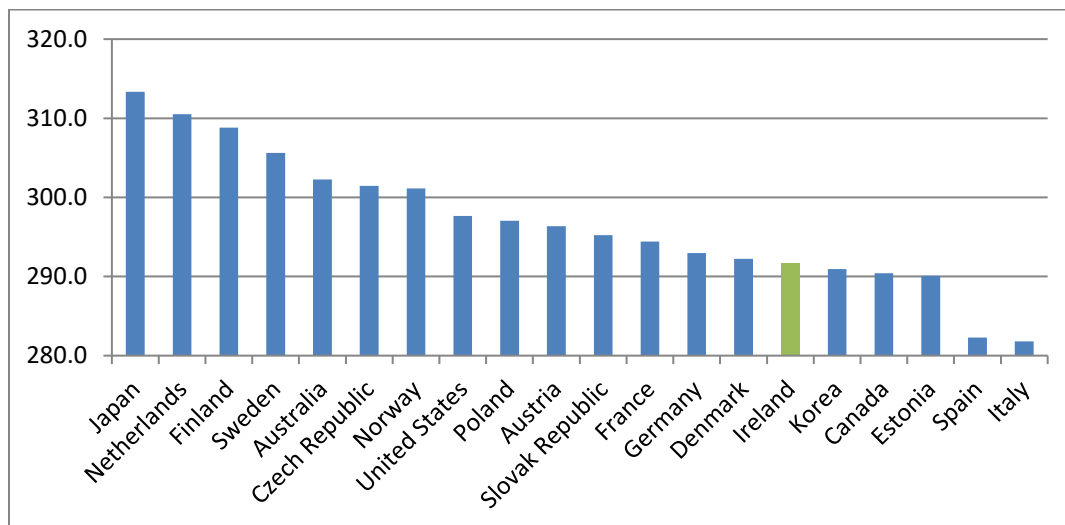
The *Action Plan for Education 2018* (Department of Education and Skills, 2018) seeks to address this disparity by increasing literacy and numeracy levels in DEIS Band 1 schools, however the target improvement rates of between 27 and 42 per cent by 2020 do not demonstrate sufficient ambition to really effect change and many young adults will have fallen out of education into low-paid precarious employment before even these targets are met. The ERC further found that there had been 'no major developments since the previous review of the literature in 2005' (ERC, 2017:55). They were, however, able to more accurately evaluate the effectiveness of the current strategies, finding that reducing class sizes in disadvantaged areas has proved effective once adequately resourced and supported, with a recommendation that class sizes remain below 20 pupils. The Department of Education and Skills must, therefore, be commended for introducing designated staffing schedules for DEIS Band 1 schools giving a PTR of 20:1 in junior schools and urged to extend this strategy to DEIS Band 2 and DEIS Rural schools. Tackling inequality at pre-school level before a child attends primary school was also found to have a significant impact on educational disadvantage provided 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.

Irish second-level students performed relatively well in the 2015 PISA tests in reading, literacy, mathematics and science. The performance of Ireland's fifteen year-olds shows a trend of significantly improved performance since 2009. However, when compared with 2003 PISA results, the overall performance showed a slower rate of progress. Students from fee paying schools continue to significantly out-perform those from non-fee paying schools, and students who never attended pre-school performed less well than those who attended pre-school (Shiel *et al.* 2016). The PISA findings suggest that while reading levels among the school-going population are better than the population generally, this difference is much smaller than might be expected. The fact that the 10.2 per cent of Irish students have insufficient reading skills to deal with future needs in real life or in further learning (Sheil *et al.* 2016) should be a cause of considerable concern for policymakers. It is clear that fundamental reforms are needed to Ireland's education system to address this problem. Progress on meeting the targets for second-level set out in the *National Literacy and Numeracy Strategy* 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 2011 and 2015. 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.

As already referenced above, when it comes to literacy issues at third level, the findings for Irish Higher Education Institute (HEI) graduates from the OECD PIAAC survey are very disappointing. While the country might have one of the highest tertiary attainment rates for Europe and is well on its way to meeting the Europe 2020 target, the literacy findings from the PIAAC study are a cause of concern. The PIAAC finding of mean literacy and numeracy scores for adults with tertiary education is low relative to other participating countries (see **Figure 11**). Ireland is the sixth lowest country in the mean literacy scores, out of 20 participating countries. High labour costs in Ireland means most future employment will probably come from high-skilled highly-paid jobs. The limited skills of HEI graduates could impact on the country’s chances of returning to full employment and steady and sustainable economic growth. Basic literacy skills are required for higher-order skills and ‘learning to learn’ skills, which are necessary for participating and engaging in the economy.

**Figure 11 Mean literacy score for adults with tertiary education**



**Source:** OECD online database, PIAAC

One of the most alarming statistics from the OECD PIAAC study is 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. This complements research by the Education Research Centre that finds that around 30 per cent of children in socially disadvantaged areas have serious reading difficulties. The inter-generational transmission of low levels of skills and educational qualification underscores the need for high-quality initial education, second chance educational pathways and to improve the access and relevance of lifelong learning opportunities (with both academic and vocational tracks). The ERC report (2017) that the

literature in this area supports greater parental involvement and engagement to increase the educational outcomes for the children. Programmes aimed at parental participation were found to be most effective when aimed at the parents of younger children, as well as those that encourage shared reading and the checking of homework by parents. If there is to be any hope of breaking the cycle of disadvantage, Government policy therefore needs to be directed to supporting not only children in disadvantaged areas, but their parents too.

One of the most worrying trends in education at primary level and second-level is the continuing underperformance of students from lower socio-economic backgrounds, particularly students in DEIS schools in literacy, numeracy and science. The report of the Education Inspectorate (DES, 2018), found that overall performance in DEIS schools remains lower than the national average. Concerns persist about the lack of improvement in students' oral language skills, while in mathematics the implementation of strategies for improvement of outcomes for students have not yet garnered results. Decisions regarding numeracy and literacy policy, investment, and the allocation of resources within the education system must be focussed on reversing this negative trend. The Inspectorate points to the importance of continued support for DEIS schools for the remaining period of the National Literacy and Numeracy Strategy (DES, 2017). The report further recommended the setting of individualised targets to address student needs and further engagement with the DEIS planning process to support DEIS schools to self-evaluate and act on the outcomes of those evaluations. The addition in November 2017 of 20 post-primary posts under the Student Support Team pilot in DEIS schools in Dublin, Cork and Clare is to be welcomed and *Social Justice Ireland* look forward to the outcome of the evaluation of this pilot in due course. It may also be worth noting that all children experiencing disadvantage do not attend DEIS schools, either because there is not one in their area, or because the parents do not wish to associate themselves with a disadvantaged status. The outcome of this is that 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.

### **Lifelong Learning**

Life-long learning is recognised at European level as potentially making a significant contribution to meeting the Europe 2020 goals (Council of the European Union, 2011). The Council calls for particular attention to improving provision for low-skilled Europeans targeted in Europe 2020, starting with literacy, numeracy and second-chance measures as a precursor to up-skilling for work and life in general (Council of the European Union, 2011). The European Commission recognises the importance of lifelong learning for the attainment of the Europe 2020 strategy objectives, noting that Europe will not be able to realise the vision of smart growth, set out in the Europe 2020 Strategy, if its workers lose employability as they grow older (2013).

Lifelong learning and community education also brings major social and health benefits to participants outside the labour force and this non-vocational element must also be resourced (see, for example, Aontas 2011). In 2016, 310,482 people over 22 indicated that their education had not ceased, of which over two-thirds indicated that they were not studying full time and almost two-thirds were working (CSO, 2017). 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. 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.

As already mentioned, ET 2020, the strategic framework for European cooperation in education and training, sets a benchmark to be achieved by 2020 for lifelong learning, namely that an average of at least 15 per cent of adults aged 25 to 64 should participate in lifelong learning (Council of the European Union, 2009). Recently the Irish National Skills Strategy 2025 (Department of Education and Skills 2015a) has adopted the same target of 15 per cent (to be achieved by 2025).

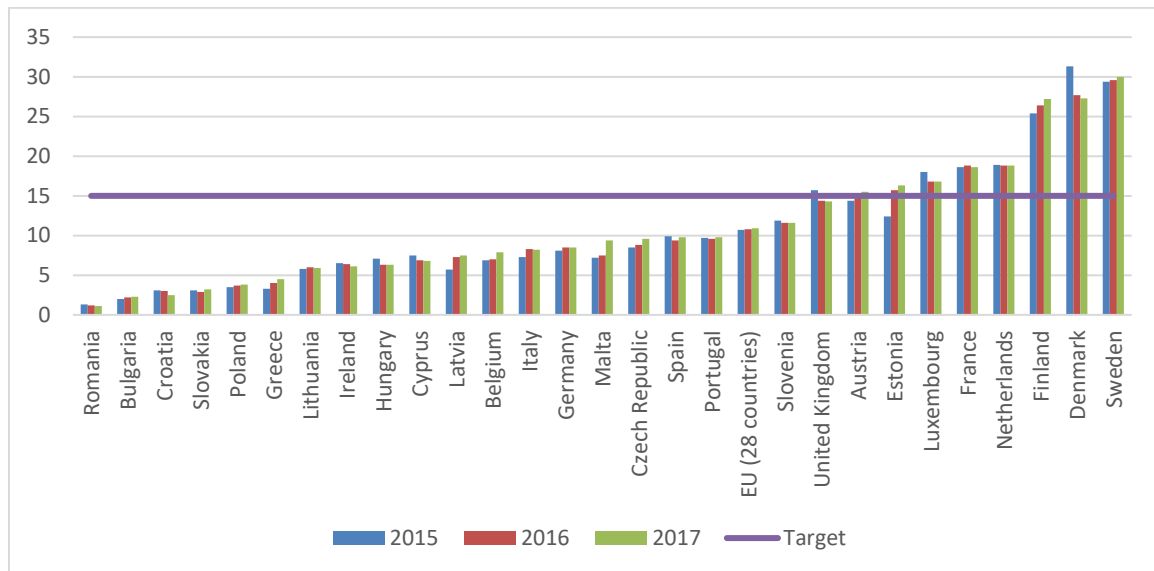
**Figure 12**, below, shows European participation rates in lifelong learning<sup>14</sup> for 2014 to 2016 relative to the target of 15 per cent (EU 28). It can be seen how, with a participation rate of 6.1 per cent, Ireland is below the European average of 10.9 per cent and far below the target of 15 per cent set in Europe 2020 and in the National Skills Strategy. Furthermore, the increase in Ireland's rate since 2003 (when it was 5.9 per cent) has been slight. There has also been a decrease in the rate since 2013 (Eurostat **tsdsc440**). See **Figure 13**, which indicates the downward trend in Ireland in recent years and how it contrasts with the EU-28 trend.

Ireland lags very far indeed behind the rates reported in the highest performing countries such as Finland, Denmark and Sweden, all of whom have participation rates above 25 per cent (2017) (Eurostat **tsdsc440**).

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<sup>14</sup> Lifelong learning refers to persons aged 25 to 64 who stated that they received education or training in the four weeks preceding the survey (numerator). The denominator consists of the total population of the same age group, excluding those who did not answer to the question 'participation in education and training'. Both the numerator and the denominator come from the EU Labour Force Survey. The information collected relates to all education or training whether or not relevant to the respondent's current or possible future job (Eurostat, **tsdsc440**).

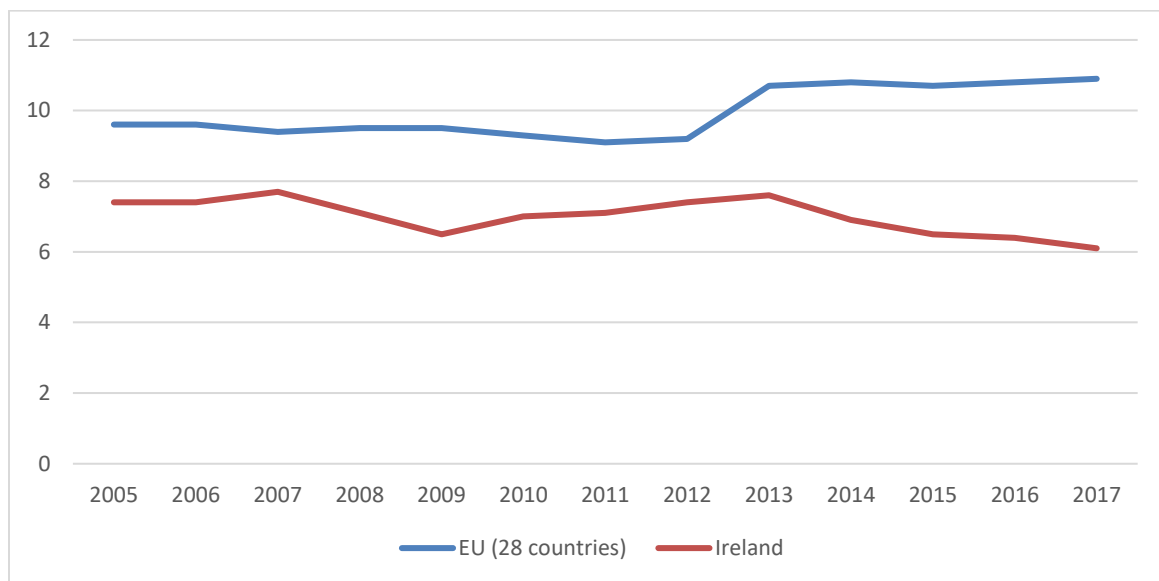
**FIGURE 12 LIFELONG LEARNING EU28: 2015-2017**



**Source:** Eurostat, Online database tsdsc440. Shows 15 per cent target set in the ET2020 Strategy.

Furthermore, in Ireland, the higher the education attainment level, the more likely an adult is to participate in lifelong learning (SOLAS 2015). In fact in Quarter 4, 2014, 60 per cent of participants in lifelong learning (aged 25-64) were third level graduates; 57 per cent were in employment, mostly full-time, and a high percentage of them worked in high skilled occupations (SOLAS 2015). Recent research from SOLAS (2017) confirms that there are economic barriers to engagement in further education and training (including access to welfare, transport, and childcare costs), and finds that serious challenges are encountered by learners from vulnerable groups seeking to engage, including under 25's, long-term unemployed people, people with disabilities, and members of migrant communities. It also reinforced the importance of including these groups in education.

**FIGURE 13: PARTICIPATION RATES (AGES 16-64) IN LIFELONG LEARNING; EU-28 AND IRELAND, 2005-2017**



**Source:** Eurostat, Online database **tsdsc440**.

The OECD recommends that lifelong learning opportunities should be accessible to all through systems that combine high-quality initial education with opportunities and incentives for the entire population to continue to develop proficiency in reading and numeracy skills, whether outside work or in the workplace, after initial education and training are completed. It notes that the joint impact of investing in the skills of many individuals may exceed the sum of the individual parts (OECD, 2015a). In Ireland it is clear that the lifelong opportunities of those who are socially excluded and educationally disadvantaged contrast sharply with the opportunities of those who have completed second level and third level education. For example, third-level graduates in employment in Ireland earn on average 64 per cent more than those with a Leaving Certificate only (OECD 2011a). Those aged 25-64 with only primary level qualifications are three times more likely to be unemployed than those with a third level qualification (24 per cent as opposed to 7 per cent), a gap that increased between 2009 and 2011 (CSO, 2011). 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.

One of the six core objectives of the National Skills Strategy 2025 is increasing the number of people engaged in lifelong learning. The strategy commits to promoting and supporting lifelong learning, particularly in the workplace. Participation rates in lifelong learning for employees in Ireland are less than half of the EU average (5.5 per cent compared to 11.4 per cent). It has set a national target of 15 per cent of adults engaged in lifelong learning by 2025 from a baseline of 6.7 per cent (National Skills Strategy, 2015:117). The commitment to lifelong learning in the strategy is a very welcome development. As outlined earlier, Ireland has a poor track record in lifelong



learning participation. A focus on lifelong learning and the promotion of skills is essential when people now 'work for life' rather than have a 'job for life'. It is important to equip people with the skills they need to adapt to changing economic and social conditions throughout their lifetime. Without the necessary investment it will be difficult to meet the target of 15 per cent in 2025. It is important that sufficient resources are allocated to this strategy on a multiannual basis.

Various agencies (higher, 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 competence, language skills, people-related and conceptual skills, critical thinking, problem solving, creativity, risk assessment and decision making. Many of these key competences are included in one of the recommendations of the report of the review group of apprenticeship training. The report recommends that apprenticeship programmes should provide for the appropriate integration of transversal skills, particularly literacy, numeracy, maths, science and ICT. These competences could also form the basis of a system to recognise the enhanced skills of the flow of returning migrants. These migrants have gained significant and diverse skills whilst in employment abroad and a system to formally recognise this non-formal skill development will be needed.

SOLAS, the Further Education and Training (FET) authority published the FET strategy in 2014. The publication has brought some strategic planning to the delivery of further education and training that had been lacking previously. The implementation of the strategy is challenging and more needs to be done at government level to ensure that the further adult and community education sector achieves parity of esteem with other sectors within the formal system. This is particularly important when one considers that it is expected to respond to the needs of large sections of the population who have either been failed by the formal system or for whom it is unsuitable as a way of learning. The newly reformed Apprenticeship System has the opportunity to provide flexible training, relevant skills and meaningful and clear progression paths to those involved. It can contribute to a strategy to help long-term unemployed people whose skills are now redundant to retrain for employment opportunities that have been identified in particular regions. It has the potential to provide people with opportunities to upskill throughout their working lives and contribute to a strategy to combat labour market polarisation. The Government has committed to a target of having 100 apprenticeship schemes and 50,000 apprenticeship and traineeship registrations by 2020 (Department of Education and Skills, 2016b). The development of the National Skills Council and the Regional Skills Fora is very welcome. The *Action Plan for Education 2018* contains a commitment to rolling out Springboard+ 2018 offering courses to all those in employment for the first time and developing new traineeships and apprenticeships. These actions are also to be welcomed, but need to be developed and extended to all employees who wish to partake in further education.

Social Justice Ireland welcomed the formation of the Apprenticeship Council in 2014 as supporting lifelong learning and employee support, however, only 2 per cent of school leavers are engaging

in apprenticeships as a means to access employment. In December 2017, the Department of Education announced a 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. Social Justice Ireland further welcomes the inclusion of healthcare assistants in this cohort as recommended in our socio-economic review last year<sup>15</sup>. It is important that the apprenticeship and traineeship schemes are open to people of all ages, and not limited to young people entering the labour force. Apprenticeships and traineeships have the potential to address regional long-term unemployment and aid in the reskilling and upskilling of people who are seeking employment or those in employment who are in danger of losing their jobs to automation. Particular consideration should be given to developing apprenticeships and traineeships in childcare and healthcare.

For *Social Justice Ireland*, lifelong education is a basic need, and second chance education and continuing education are vital, particularly for those who experienced educational disadvantage at an early stage in an education system that failed them. This is an issue of rights, of equality, of social inclusion and of citizenship. It is also a necessary response of the Irish Government to be consistent with the headline target they adopted in the National Reform Programme on employment – where the target is to be reached through ‘greater participation of young people, older workers and low-skilled workers and the better integration of migrants’ (Government of Ireland, national reform programmes). The recent National Reform Programme (2017) refers to the issue of reform of the Further Education and Training Sector in the Education section, and the reference to increasing participation rates in lifelong learning is welcome. *Social Justice Ireland* believes that the National Reform Programme needs to ensure that the issue of lifelong learning is treated as a cornerstone of education policy.

## ***Social Justice Ireland Recommendations***

Education is widely recognised as crucial to the achievement of both national objectives and those of the Europe 2020 strategy such as ‘smart growth’ and ‘inclusive growth.’ However, the overall levels of public funding for education in Ireland are out of step with these aspirations, particularly as regards under-funding of early childhood education and care, and in the areas of lifelong learning and second-chance education – the very areas that are most vital in promoting greater equity and fairness. Amongst the recommendations already made by *Social Justice Ireland* in the field of education are:

*Social Justice Ireland* believes that government should develop and commit to a long-term sustainable funding strategy for education at all levels (see Healy *et al.* 2017 for more detail);

- Develop and commit to a long-term sustainable education strategy, appropriately funded, that takes a whole-person, life-cycle approach to learning;

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<sup>15</sup> A New Social Contract for a New Century, Securing Solidarity and the Common Good, 2017, Chapter 8.

- Commit to increasing investment in Early Childhood Care and Education by 0.1 per cent of GDP annually to meet the OECD average by 2025;
- Commit to reach the lifelong learning target set out in the National Skills Strategy and ensure sufficient resources are made available;
- Set an ambitious adult literacy target.

The National Reform Programme should set targets in the following areas:

- **Early School Leaving:** Set a more ambitious national target of 5 per cent for reduction of early school leaving.
- **Adult Literacy:** Adopt a more ambitious adult literacy target to reduce the proportion of the population aged 16-64 with restricted literacy to 5 per cent by 2020; and to 3 per cent by 2025.
- **Lifelong Learning:** Adopt a 15 per cent target for participation in lifelong learning (for consistency with Irish National Skills Strategy 2025).

## Poverty

**EU Headline Target: To promote social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people out of the risk of poverty and exclusion<sup>16</sup>**

**Ireland, Headline Target, 2011: To reduce the number experiencing consistent poverty to between 2-4% by 2012, with the aim of eliminating consistent poverty by 2016, which will lift at least 186,000 people out of the risk of poverty and exclusion (Government of Ireland, 2011).**

**Ireland, Revised Headline Target: To reduce consistent poverty to 4% by 2016 (interim target) and to 2% or less by 2020, from the 2010 baseline rate of 6.3<sup>17</sup>%.**

**The Irish contribution to the Europe 2020 poverty target is to reduce by a minimum of 200,000 the population in combined poverty (either consistent poverty, at-risk-of-poverty or basic deprivation) (Government of Ireland, 2013-2017).**

Children: New Sub-target (from 2014):

**To lift over 70,000 children out of consistent poverty by 2020, a reduction of at least two-thirds on the 2011 level. This target will include reducing the higher consistent poverty risk for households with children as compared to non-child households (8.8% vs 4.2%), and for children as compared to adults (9.3% vs. 6%) (Government of Ireland 2014)**

The setting of the above new sub-target for poverty reduction amongst children was referred to in the National Reform Programme for 2014 by reference to the National Policy Framework for Children and Young People 2014-2020 (*Better Outcomes: Brighter Futures*).

### Measures and Metrics

Before considering the position of Europe and Ireland relative to the Europe 2020 Strategy targets, we need to address briefly the choice of measures and metrics - of importance in setting targets and in measuring performance. In trying to measure the extent of poverty, the most common approach across Europe in recent years is the 'at risk of poverty' indicator. This is a measure of income poverty, which involves identifying a poverty line (or lines) based on people's disposable income (after taxes but including all benefits). The European Commission and the UN in recent years adopted a poverty line located at 60% of median income<sup>18</sup> and this is reflected in one of the indicators (described below) used in the EU 2020 Strategy. The 'at risk of poverty'

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<sup>16</sup> This target has been revised and was originally framed as follows: The number of Europeans living below the national poverty lines should be reduced by 25%, lifting over 20 million people out of poverty (European Commission, 2010, p.11).

<sup>17</sup> This reflects a revised figure released by the CSO in 2011

<sup>18</sup> 'People at risk of poverty' are persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers)

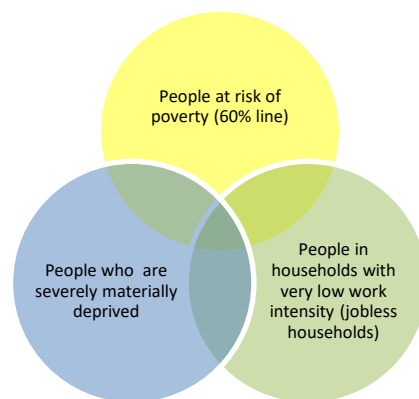
indicator has also been used for some time by the Irish Central Statistics Office (CSO) in its SILC surveys.

The EU 2020 Strategy uses a target based on being ‘at risk of poverty or exclusion’. This is a combined indicator to which there are three aspects as included in the EU headline target. It includes people either

- below a country-specific relative income poverty threshold (the at-risk-of-poverty rate),
- above a material deprivation measure, or
- in a ‘jobless’ household.

The Europe 2020 Strategy for the first time combined the three to identify an overall target group ‘at risk of poverty and exclusion’<sup>19</sup>. Meeting *any* of the criteria will suffice to be counted within the target population.

**FIGURE 14: DIAGRAM: EUROPE 2020 STRATEGY: AT RISK OF POVERTY OR SOCIAL EXCLUSION INDICATOR**



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<sup>19</sup> This indicator corresponds to the sum of persons who are: at risk of poverty or severely materially deprived or living in households with very low work intensity. Persons are only counted once even if they are present in several sub-indicators. At risk-of-poverty are persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers). 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 following deprivations items: cannot afford i) to pay rent or utility bills, ii) keep home adequately warm, iii) face unexpected expenses, iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home, vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone. People living in households with very low work intensity are those aged 0-59 living in households where the adults (aged 18-59) work less than 20% of their total work potential during the past year. (Eurostat, t2020\_50)

Member States can set national targets based on what they consider to be the most appropriate indicator or combination of indicators.

The Irish target relates to ‘consistent poverty,’ which was the poverty target used in the *National Action Plan for Social Inclusion, 2007-2016*, and reflected Ireland’s use of two indicators to measure poverty and exclusion: at risk of poverty (below the 60% median income threshold) and material deprivation (lacking two or more basic necessities). These are similar to the first two of the EU indicators that make up the EU target of ‘poverty and social exclusion<sup>20</sup>.’ The ‘consistent poverty’ indicator combines deprivation and poverty into a single indicator by calculating the overlap between the two – that is, people simultaneously experiencing poverty and registering as deprived. As such it captures a sub-group of poor people. We will look at it specifically below and it is indicated figuratively in **Figure 21** below.

The revised target contained in the Government’s National Reform Programme Update, 2012, and in subsequent National Reform Programmes, represented a change in both the baseline rate (from a 2008 rate of 4.2% in consistent poverty, to a 2010 baseline rate of 6.3%) and in the timetable for achieving it.

The terminology was changed as regards how the numbers who are to be lifted out of poverty are defined: ‘*poverty target is to reduce by a minimum of 200,000 the population in combined poverty (either consistent poverty, at-risk-of-poverty or basic deprivation)*’. The effect of this is to exclude the third EU indicator - people in households with very low work intensity – and this is consistent with the ongoing approach of the Irish authorities to the measurement of poverty, as the added value of using the third - low work intensity or ‘joblessness’ - as a poverty measurement in an Irish context is not accepted by the Irish Government (Government of Ireland 2011), and, indeed is also questionable in the opinion of commentators.<sup>21</sup>

However, another sub-target – for jobless households – was announced but not defined<sup>22</sup>.

## European Context

The Europe 2020 Strategy envisaged that a major effort would be needed to combat poverty and social exclusion, to reduce health inequalities and to ensure that everyone could benefit from growth. Headline facts on poverty in Europe were described in the Strategy, which (based on figures available at that time) included:

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<sup>20</sup> The definitions also differ somewhat: The Irish deprivation indicator is defined as enforced lack of two items from a set of 11 basic necessities; the EU deprivation indicator is defined as enforced lack of four items from a set of nine. There is also a difference in how the income concept is defined for the at risk of poverty indicator (Government of Ireland, 2011, p. 23).

<sup>21</sup> For example, Walker argues that ‘Joblessness’ arguably reduces the conceptual and policy coherence of the EU Target measure; it is more a cause of poverty than a characteristic, it is restricted to the working age population and, has even less overlap with low income and material deprivation than elsewhere. (Walker, 2011, p.16).

<sup>22</sup>The 2014 National Reform Programme indicated that this is pending further analysis.

- 80 million people at risk of poverty, which is more than the population of the largest Member State, or 16.5% of the total population (figures from prior to the crisis),
- 19 million children at risk of poverty,
- 8 per cent of people who worked were still below the poverty line,
- With the economic crisis, the situation had worsened,
- Young people, migrants and the low skilled have experienced the greatest increases in unemployment.

(European Commission, 2010, p.18; 2010a, p. 3-5)

One of the aims of the flagship initiative 'European Platform against Poverty' is to raise awareness of the fundamental rights of people experiencing poverty and social exclusion, enabling them to 'live in dignity and take an active part in society' (European Commission, 2010: 19). Action is envisaged from Member States to

- implement measures for people at particular risk such as one-parent families, older women, minorities, disabled people and homeless people,
- deploy social security and pension systems to ensure adequate income support and access to healthcare.

Latest available figures (which are for 2016) suggest a large increase in the population experiencing poverty or social exclusion since the Europe 2020 Strategy was adopted. The rate for poverty or social exclusion, the combined indicator used in the Europe 2020 Strategy, was 23.5 percent in 2016 or over 118million people (EU-28) (Eurostat online database **t2020\_50**). There are still 1.9 million more people living at risk of poverty or social exclusion than in 2008 . The risk of poverty or social exclusion has decreased or stabilised since 2012 for most Member States, some at very high levels. In some Member States, poverty is still increasing, though some have also seen declines (Eurostat online database **t2020\_50**).

The EU's Social Protection Committee (2017b) has noted that the EU continues to be far off-track in reaching its 2020 social inclusion target, with overall figures for the EU at-risk-of-poverty-or-social-exclusion rate continuing to point to stagnation at a high level. They identified the following as social trends to watch:

- a general continued deterioration in the relative poverty situation, its depth and persistence;
- increases in the share of the population living in quasi-jobless households, together with rises in the at-risk-of-poverty rates for people residing in such households.

## **Ireland: Poverty**

During the first decade of this century Ireland saw progress on the issue of poverty driven by increases in social welfare payments, particularly payments to unemployed people, older people

and people with disabilities.

In this section, we will first look at how Ireland is performing when analysed under the ‘poverty and social exclusion’ indicator, and under the three constituent parts of this measure that make-up the poverty reduction target set under the Europe 2020 Strategy. We will then consider poverty in Ireland looking in more detail at some indicators commonly used in this country, including ‘consistent poverty’, the indicator used to frame Ireland’s national target under the Europe 2020 Strategy, before considering the situation of some groups (children and the working poor) whose positions are highlighted in the Europe 2020 Strategy. Linked to the issue of poverty is Ireland’s approach to income distribution, which we will look at next before finishing the Chapter with some recommendations.

### Ireland and the EU Poverty Indicators

As we prepare this report the statistics given for Ireland relate to 2016, and the data would have been collected prior to that. Thus, a considerable a time lag relative to the statistics quoted must be acknowledged.

When we look at Ireland’s figures for those at risk of poverty or social exclusion (that is, the combined indicator used in the Europe 2020 Strategy), it went from 23.1 per cent in 2007 to 30.3 per cent at its peak in 2012 (when it represented almost 1.4 million people). Since then it has reduced to 24.2 per cent or more than 1.1 million people – and still represents a very sizeable proportion of the Irish population (in 2016). The 2016 figure represents an increase of some 130,000 people between 2007 and 2016. See **Table 5**.

**TABLE 5 IRELAND: POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION, 2005-2016**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
%	25	23.3	23.1	23.7	25.7	27.3	29.4	30.3	29.9	27.7	26	24.2
Number of People (000s)	1,038	991	1,005	1,050	1,150	1,220	1,319	1,392	1,377	1,279	1,207	1,135

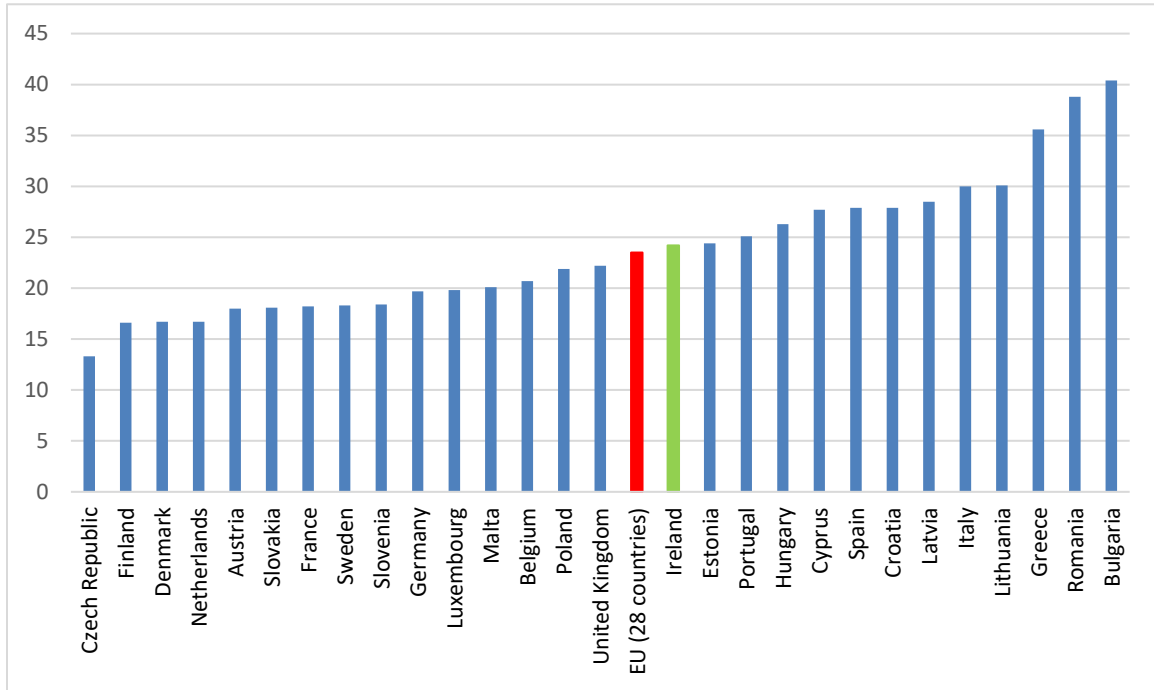
Source: Eurostat, **t2020\_50**. Figure 15 shows that, despite improvements in the recent past, Ireland still has a rate of poverty or social exclusion (24.2 per cent) that is higher than the European average (of 23.5 per cent), similar to the rate in Portugal. Adding the populations affected by the three indicators puts Ireland’s rate at this very high level, particularly due to the high numbers captured by the low work intensity indicator compared to the European average (Department of Social Protection, 2011)<sup>23</sup>. The National Economic and Social Council has

<sup>23</sup> The set of three indicators used for the EU 2020 Strategy correspond, with some compositional differences, with indicators used within Ireland (a relative income poverty line: ‘at risk of poverty’; material deprivation indicator based on inability to afford items from a list; and the consistent poverty measure, based on the overlap between the two), but the EU 2020 Strategy includes ‘low work intensity households’ as its third indicator. However, the Department of Social Protection has shown that essentially the same



highlighted a distinguishing feature of Ireland’s jobless households – or households with very low work intensity, to use the EU term - that is, the likelihood that they contain children, something that is associated with the inter-generational transmission of poverty. While fewer than 30 per cent of adults in jobless households live with children in other EU-15 countries, more than half do in Ireland at 56 per cent (NESC 2014).

**FIGURE 15 EUROPE: PEOPLE AT RISK OF POVERTY OR SOCIAL EXCLUSION EU-28, 2016 (%)**



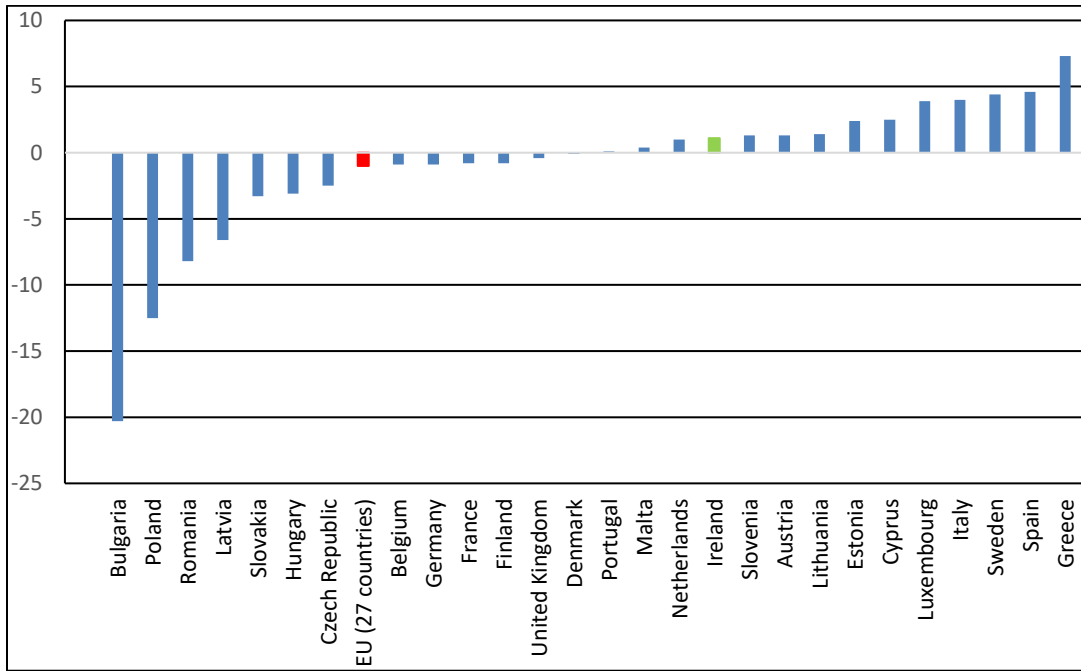
Source: Eurostat, t2020\_50

As **Figure 16** shows Ireland is just outside the top ten biggest increases in the risk of poverty or social exclusion rate between 2007 and 2016 (+1.1 percentage points) – notwithstanding the fact that the rate has improved in Ireland since 2012 (Eurostat, t2020\_50).

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proportion of the population is covered – 26% in 2009 (Department of Social Protection, 2011, p. 263). It is not the practice in Ireland to combine the indicators to arrive at an overall figure for ‘poverty and exclusion’ a practice that has questionable outcomes (Walker, 2011) as already referenced.

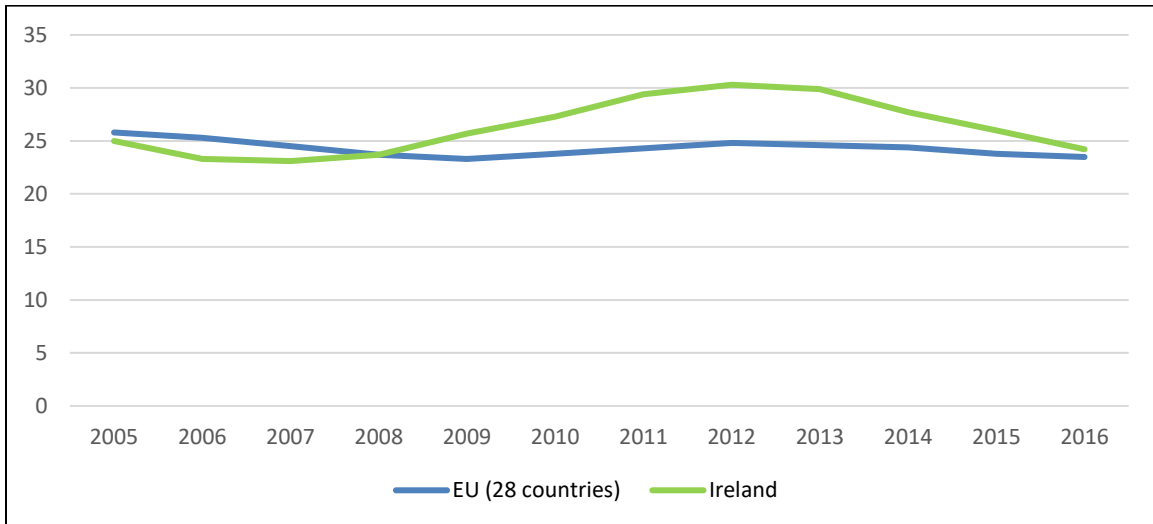
**FIGURE 16: EU 27: CHANGE IN RISK OF POVERTY OR SOCIAL EXCLUSION RATE, 2007-2016**



**Source:** Eurostat, t2020\_50 **Note:** 2007 rate for Croatia not available; EU-27 rate used for 2007

Figure 16 shows how the risk of poverty or social exclusion rate in Ireland compares to the EU-28 average over time - increasing after 2008 relative to the EU average and remaining (in 2016) slightly higher than the average rate despite recent improvements.

**FIGURE 17 IRELAND AND EUROPE: PEOPLE AT RISK OF POVERTY OR SOCIAL EXCLUSION, 2005-2016 (%)**

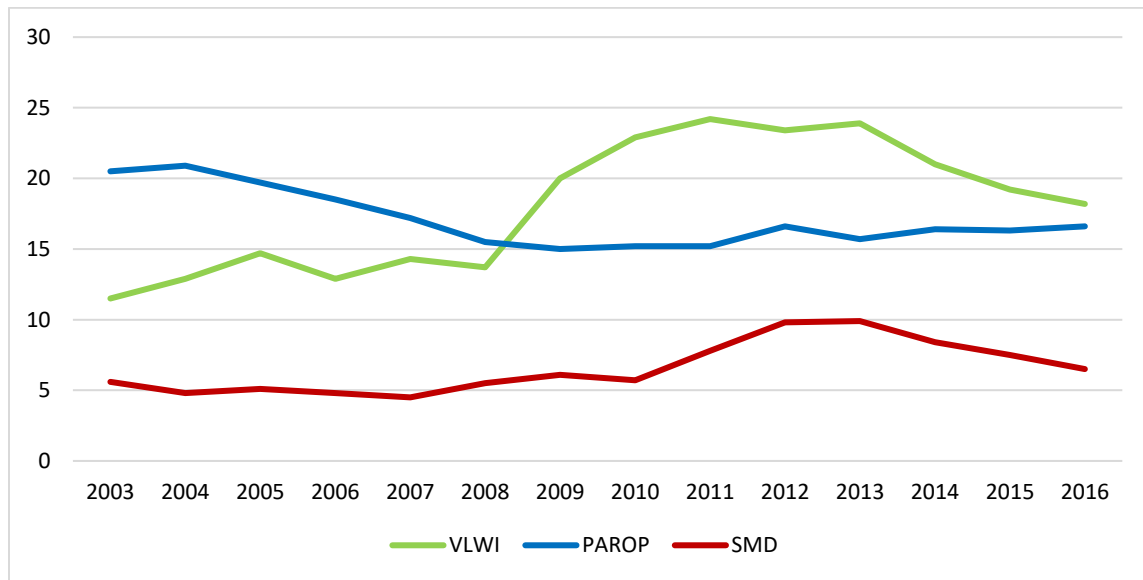


**Source:** Eurostat t2020\_50. Note: EU rate until 2010 is for EU-27, not EU28.

It is also possible to examine Ireland’s performance in a European context under each of the separate indicators that make up the ‘at risk of poverty and exclusion’ indicator for the purpose of the Europe 2020 Strategy.

**Figure 18** shows the Irish trajectory of the three poverty indicators used in the Europe 2020 Strategy. The indicators that showed the greatest increase following the onset of the crisis are people in households with very low work intensity and people experiencing severe material deprivation.

**FIGURE 18: THREE EU POVERTY INDICATORS IN IRELAND, 2003-2016 (%)**



**Source:** Eurostat, **t2020\_51, t2020\_52, t2020\_53**

VLWI: People living in households with Very Low Work Intensity

PAROP: People at Risk of Poverty after Social Transfers (60% poverty line)

SMD: People who are severely materially deprived

Looking at income poverty, from the early 2000s to 2009 there was a steady decrease in the rate of income poverty defined as people ‘at risk of poverty’ as measured by Eurostat, with rates reaching a record low in 2009. See **Table 6**. The year 2008 marked the first time that Ireland’s at risk of poverty levels fell below average EU levels. It is clear that this was driven by sustained increases in welfare payments in the years prior to 2008.

**TABLE 6: IRELAND AND EU (28) AVERAGE - PEOPLE AT RISK OF POVERTY, 2004-2016**

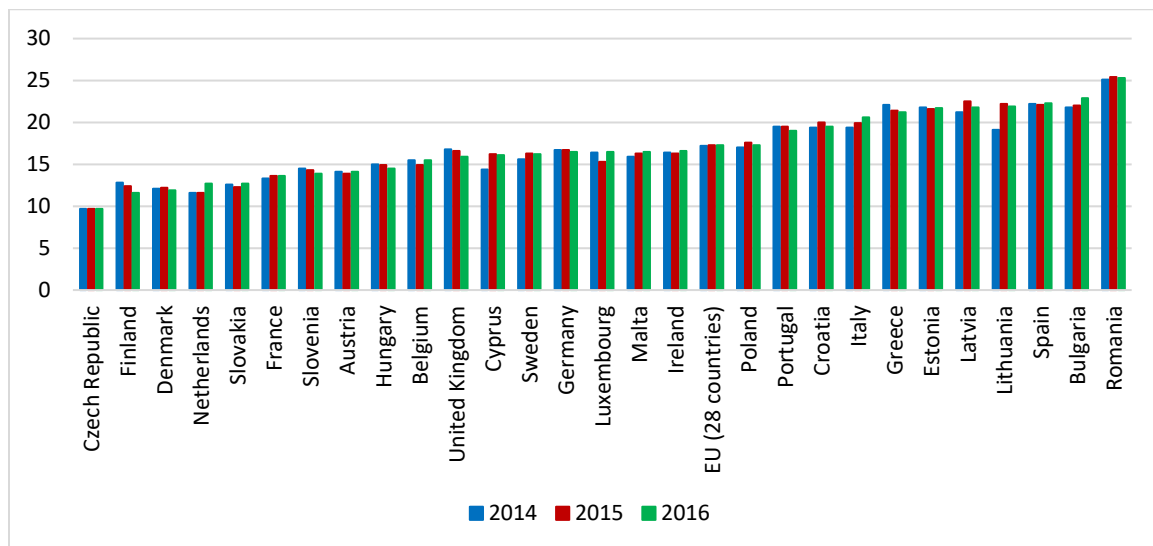
	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16
<b>EU - 28</b>		16.5	16.5	16.5	16.5	16.4	16.5	16.8	16.8	16.7	<b>17.2</b>	<b>17.3</b>	<b>17.3</b>
<b>Ireland</b>	20.9	19.7	18.5	17.2	15.5	15	15.2	15.2	15.7	14.1	<b>15.6</b>	<b>16.3</b>	<b>16.6</b>

**Source:** Eurostat, **t2020\_52**. People at risk of poverty (60% line) after social transfers: percentage of the total population. **Note:** rates are for EU-27 up to 2009. According to EU SILC, Ireland’s at risk of poverty rate after social transfers was 16.5 per cent.

Again using statistics that are comparable across Europe, Figure 19 shows the proportion of the population at risk of poverty, and how Ireland compares with other European countries. At 16.6

per cent (2016), Ireland’s rate is below the EU 27 average (17.3 per cent). However, there is a great deal of divergence between EU countries: the country with the lowest rate (Czech Republic) has a rate of 9.7 per cent and that with the highest rate (Romania) has a rate of 25.3 per cent. Ireland’s rate is many percentage points greater than the countries with the lowest rates, being nearly 7 percentage points higher than that of the Czech Republic and 3.9 percentage points higher than that of the Netherlands (Eurostat t2020-52). Ireland still has a serious problem with poverty – and we will look at this in more detail in the next section of this Report.

**FIGURE 19: EU 28 PEOPLE AT RISK OF POVERTY, 2014-2016**



**Source:** Eurostat t2020\_52. Shows people at risk of poverty after social transfers (60% poverty line).

### Ireland: A Closer Look at Poverty

When we turn to examine the poverty rates available from the Irish Central Statistics Office, the first thing to acknowledge are slight differences from the figures given above from Eurostat. In particular, the at-risk-of-poverty measure generates different results at EU and national levels as a result of differences in the definition of gross income. The EU definition does not include income from private pensions or the value of goods produced for own consumption. Also employers’ social insurance contributions are included in the national definition of gross income but are excluded from the EU definition (Department of Social Protection, 2015).

#### Risk of Poverty

Using the CSO statistics, it is possible to see that almost 17 out of every 100 people in Ireland were living in poverty in 2016 (that is, using a poverty line set at 60 per cent of median income). See **Table 7** below. The table shows that the rates of poverty decreased significantly after 2001,

reaching a record low in 2009. These decreases in poverty levels were welcome. They were directly related to the increases in social welfare payments delivered over the Budgets spanning these years. However, poverty increased again in the period since 2010 as the effect of budgetary changes to welfare and taxes, as well as wage reductions and unemployment, drove more low income households into poverty.

**Table 7** also shows the significant numbers of people affected amounting to over 790,700 people in 2015.

**TABLE 7 IRELAND: POPULATION BELOW THE 60% POVERTY LINE, 1994-2016**

	1994	2001	2005	2007	2009	2010	2011	2012	2013	2014	2015	2016
<b>60 % line</b>	15.6	21.9	18.5	16.5	14.1	14.7	16.0	16.5	15.2	16.3	16.9	16.5
<b>No.s of People</b>	559,400	842,537	764,753	722,007	639,209	669,556	731,984	756,591	698,151	751,365	783,383	790,763

**Source:** Healy *et al* 2018 based on CSO online database population estimates and Whelan *et al.* (2003). **Note:** Population estimates are as of April in each year

The table’s figures are telling. Looking over the past decade, there are over 68,700 more people in poverty since 2007. Notably, over the period from 2004-2008, the period corresponding with consistent Budget increases in social welfare payments, almost 140,000 people exited poverty. Despite this, since the onset of the recession and its associated implications for incomes (earnings and welfare), the number in poverty has increased once again, rising by 151,554 since 2009. The fact that there are over 790,700 people in Ireland living life on a level of income that is this low remains a major concern.

A further context to these poverty rates and numbers is the changing value of the poverty line. The poverty line is calculated as a percentage of median income. When we look at the income level at which someone lives in poverty (60 per cent line), the income poverty line for a single adult would have been €236.83 per week in 2016 (calculated by reference to the median disposable income per adult which was €20,597 per annum or €394.72 per week according to the CSO). Updating the 60 per cent median income poverty line to 2018 levels, using published CSO data on the growth in average hourly earnings in 2017 (+2.3 per cent) and ESRI projections for 2018 (+3 per cent) produces a relative income poverty line of €249.55 for a single person. In 2018,

any adult below this weekly income level will be counted as being at risk of poverty (CSO, 2017b; Duffy, McQuinn, Foley and Kelly 2016:ii).

These levels of income are low and those below them clearly face difficulties in achieving what the National Anti-Poverty Strategy (or NAPS) described as “*a standard of living that is regarded as acceptable by Irish society generally*”.

One immediate implication of this analysis is that most weekly social assistance rates paid to single people are more than €56 below the poverty line.

When we look at the population in poverty, the largest group, accounting for 26.5 per cent of the total, were children. The second largest group were people on home duties (14.7 per cent) followed by students / school-goers (13.6 per cent) and unemployed people (13.5 per cent). Of all those who are poor, 26.8 per cent were in the labour force and the remainder (73.2 per cent) were outside the labour market (Healy *et al* 2018 based on CSO SILC reports). (This does not include people who are ill and people with a disability, some of whom will be active in the labour force. The SILC data does not distinguish between those temporarily unable to work due to illness and those permanently outside the labour market due to illness or disability). When we look at adults only in 2016 almost one-fifth of Ireland’s adults with an income below the poverty line were employed. Overall, 36.5 per cent of adults at risk of poverty in Ireland were associated with the labour market.

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 tax. They would be the main beneficiaries of any move to make tax credits refundable, a topic addressed later in this Chapter.

*Social Justice Ireland* believes in the very important role that social welfare plays in addressing poverty. Without the social welfare system almost half the Irish population would have been living in poverty in 2016. Such an underlying poverty rate suggests a deeply unequal distribution of direct income – an issue we address below. In 2016, the actual poverty figure of 16.5 per cent reflects the fact that social welfare payments reduced poverty by 28.4 percentage points. As social welfare payments do not flow to everybody in the population, it is interesting to examine the impact they have on alleviating poverty among certain groups, such as older people, for example. Using data from SILC 2009, the CSO found that without any social welfare payments 88 per cent of all those aged over 65 years would have been living in poverty. Benefit entitlements reduced the poverty level among this group to 9.6 per cent in 2009. Similarly, 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>24</sup>. These findings 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.

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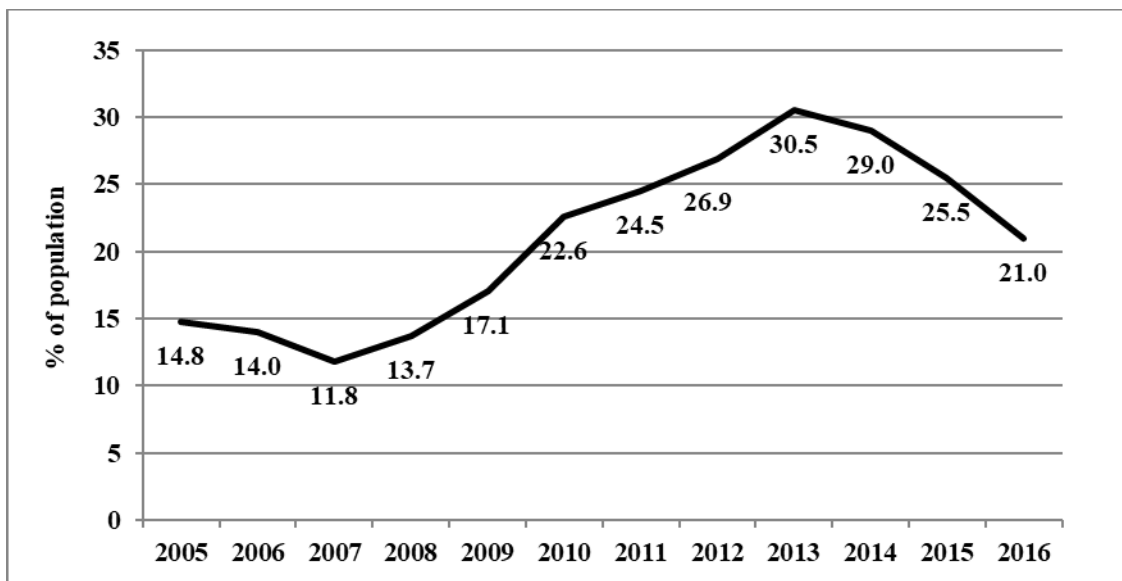
<sup>24</sup> This data has not been updated in subsequent SILC publications

### Deprivation

We can also look at other measures of poverty such as the deprivation rate – defined by the CSO as enforced lack of two or more out of 11 basic necessities<sup>25</sup>. While *Social Justice Ireland* and others have expressed reservations about the measures of deprivation being used, the trends are informative as

shows. Since 2007 (when it was 11.8 per cent) the deprivation rate increased hugely until 2013. It affected 21 per cent of the population in 2016, some over 1 million people. The most common types of deprivation experienced were an inability to replace worn out furniture (21.1 per cent), afford a morning/afternoon/evening out (15.5 per cent) and have family/friends over for a meal/drink (13.9 per cent) (CSO 2017b). The deprivation rate for those at risk of poverty was 50.7 per cent in 2016 (down from 51.5 per cent in 2015).

**FIGURE 20: DEPRIVATION RATE, 2005-2016**



**Source:** CSO SILC reports, various years

<sup>25</sup> Households that are excluded and marginalised from consuming goods and services which are considered the norm for other people in society, due to an inability to afford them, are considered to be deprived. The identification of the marginalised or deprived is currently achieved on the basis of a set of eleven basic deprivation indicators: Two pairs of strong shoes, A warm waterproof overcoat, Buy new (not second-hand) clothes, Eat meat with meat, chicken, fish (or vegetarian equivalent) every second day, Have a roast joint or its equivalent once a week, Had to go without heating during the last year through lack of money, Keep the home adequately warm, Buy presents for family or friends at least once a year, Replace any worn out furniture, Have family or friends for a drink or meal once a month, Have a morning, afternoon or evening out in the last fortnight for entertainment.



The depth of poverty may be measured from the ‘at risk of poverty gap’, which 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. The CSO *SILC* results for 201 show that the poverty gap was 19.3 per cent, compared to 20.5 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 2016 poverty gap figure implies that 50 per cent of those in poverty had an equivalised income below 80.7 per cent of the poverty line. Watson and Maitre (2013:39) compared the size of the market income poverty gap over the years 2004, 2007 and 2011. Adjusting for changes in prices, they found that in 2011 terms the gap was €261 for households below the poverty line, an increase from a figure of €214 in 2004. They also found that after social transfers, those remaining below the poverty line were further from that threshold in 2011 than in 2004.

### **Food Poverty and Financial Exclusion**

Food poverty and financial exclusion emerged as social policy issues in recent years. Food poverty<sup>26</sup> was experienced by 11.8 per cent of the population in 2015 (Department of Social Protection 2017). Financial exclusion was experienced by 8.6 per cent of households in 2015 (that is, not having access to a bank current account) (Department of Social Protection 2017).

### **Consistent Poverty**

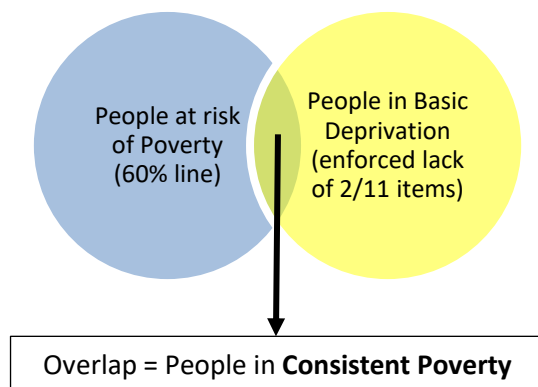
As already mentioned, the Irish target under its National Reform Programme is stated in terms of ‘consistent poverty’, an indicator that combines the ‘at risk of poverty’ and ‘deprivation’ indicators, calculating the proportion simultaneously experiencing both. Thus, it identifies a sub-group of the people experiencing poverty. See Figure 21. As set out at the start of this Chapter, the current national target is

*‘reduce consistent poverty to 4% by 2016 (interim target) and to 2% or less by 2020, from the 2010 baseline rate of 6.3% and..... to reduce by a minimum of 200,000 the population in combined poverty (either consistent poverty, at-risk-of-poverty or basic deprivation)’.*

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<sup>26</sup> Inability to have an adequate/nutritious diet due to affordability/accessibility as measured by an enforced lack of one of three food deprivation items

**FIGURE 21 DIAGRAM: CONSISTENT POVERTY**



**TABLE 8 IRELAND: RATES OF CONSISTENT POVERTY, 2006-2016**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
%	6.6	5.1	4.2	5.5	6.3	6.9	8.5	9.1	8.8	8.7	8.3
No's of people			186,000	245,000	287,000	317,000	390,000	418,000	406,000	403,000	397,778

**Source:** Rates in %: CSO, 2014, CSO 2015 and CSO, 2017. Numbers of People: 2008: Government of Ireland, 2012, p15; 2009: Department of Social Protection, 2011, p. 24; 2014; Rates and No's of people 2010-2015: Department of Social Protection 2017, CSO, 2017.

When we look at the rates of consistent poverty, we find that in 2016, 8.3 per cent of the population was affected by it (397,778 people) a decrease of 0.4 percentage points on the previous year (CSO, 2017). This rate had increased from 4.2 per cent in 2008 (186,000 people). Thus there was a disimprovement in this measure following the 2008 crisis, and the 2016 rate is approximately double the 2008 rate. See **Table 8**. Even though this rate relates to a subset of poor people (as explained above), the number of people affected is large.

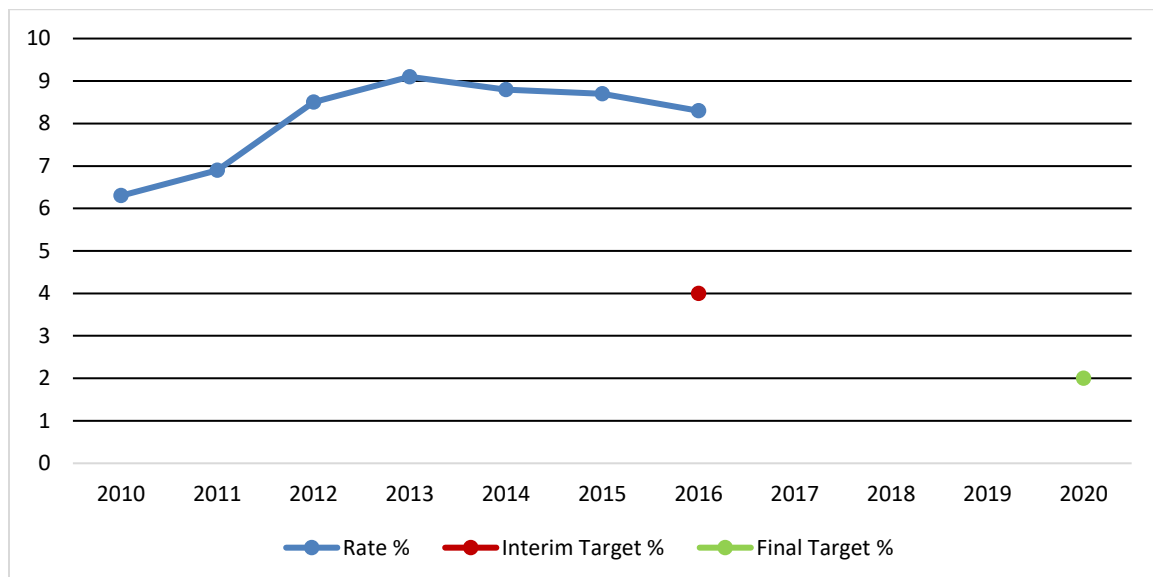
Analysis for 2015, the latest year for this analysis, shows that the consistent poverty rate for people with a disability (those reporting to be severely limited in normal activities due to a health problem) was 18.4 per cent in 2015 – there had been a big increase (from a rate of 9.9 per cent the year before) but, according to the Department of Social Protection (2017) this

figure has been volatile in recent years because the numbers surveyed in this group are small and it is not possible to say with certainty whether the change over the year is statistically significant and indicative of a sustained trend.

Overall, this means that there is, therefore, a gap of over four percentage points (or about 51 per cent) to be bridged to meet the National Reform Programme interim poverty target that was set for the year, 2016. See Figure 22. The reality is that the recent recession and its associated austerity measures have pushed Ireland away from reaching its targets.

The recent consultation on the *National Action Plan on Social Inclusion* highlighted Government inertia in respect of its own poverty reduction target. Rather than reaffirming its commitment to reducing consistent poverty to 2 per cent by 2020, or even 2021 in line with the timeframe of the Plan, the proposal instead is to double the target to 4 per cent by 2020 on the basis that the original target may be ‘seen as being very ambitious and unlikely to be achieved’. By framing the question of whether it is better to have an achievable (higher) target or an unachievable (current) one, Government is directing the response away from the core of the issue, and its own commitments under both Europe 2020 and the Sustainable Development Goals of eliminating poverty in its entirety.

**FIGURE 22 CONSISTENT POVERTY AND GOVERNMENT TARGETS, 2010-2020**

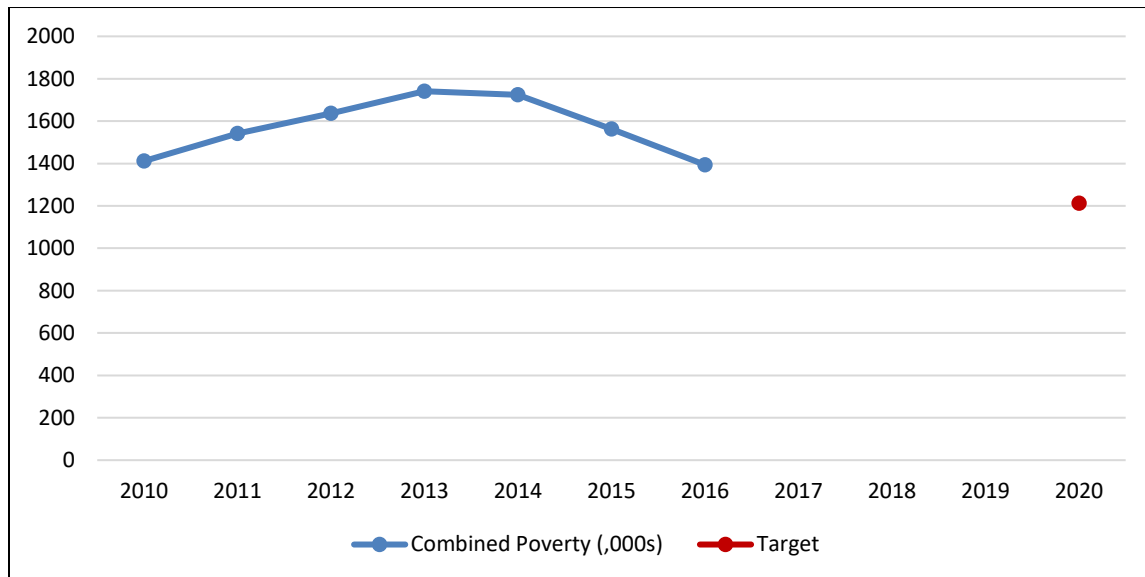


**Source:** Social Inclusion Monitor (Department of Social Protection 2017); CSO, 2017

When we look at the population affected by ‘combined poverty,’ the term used in recent National Reform Programmes in relation to the numbers that are to be lifted out of poverty (that is in consistent poverty or at-risk-of-poverty or basic deprivation, see above), it was 29.1 per cent in 2016 (CSO, 2017) compared to 33.7 per cent in 2015, and 37.4 per cent in 2014. This figure reflects

a decrease in basic deprivation (down 4.5 percentage points to 21 per cent) and a marginal decrease in the at-risk-of-poverty rate by 04 percentage points to 16.5 per cent. Nominally, this equated to almost 1.4 million people and represents a decrease of over 17,000 people on the 2010 baseline figure.

**FIGURE 23 COMBINED POVERTY AND GOVERNMENT TARGETS**



**Source:** Social Inclusion Monitor (Department of Social Protection 2017); CSO SILC 2017

While the reduction in the combined poverty rate is to be welcomed, there are still over 182,000 people to be lifted out of combined poverty by 2020 to meet the Europe 2020 target (Department of Social Protection 2017; CSO 2017). See **Figure 233**.

### Child Poverty

Childhood poverty is recognised within the Europe 2020 strategy as constituting a significant proportion of those in Europe in poverty (European Commission, 2010). Childhood poverty can have long-term detrimental impacts on educational achievement and future life chances and in some countries austerity/fiscal consolidation measures affected benefits that are important for families (The Social Protection Committee, 2011).

Country Specific Recommendations issued to Ireland by the Council as part of the European Semester have several times referred to the need to address the poverty risk of children (Council of the European Union, 2015; European Commission 2016b; European Commission 2017b). In 2014 a UNICEF Report that examined the impact of the financial crisis on children across OECD countries found that Ireland was one where children were most affected and had one of the largest increases in child poverty between 2008 and 2012 (UNICEF 2014).

Children are one of the most vulnerable groups in Irish society – and they made up the largest group of the population who were poor in 2016 (26.5 per cent of the total) (Healy *et al.* 2018).

Almost 248,000 children in Ireland were at risk of poverty (19.3 per cent) in 2016. The rate for consistent poverty was 11.1 per cent (approx. 142,800 children). See **Table 9**. There has been a 4.9 percentage point increase in the consistent poverty rate between 2008 and 2016 and a 7.3 percentage point increase in the deprivation rate in the same period. Notwithstanding an improvement since 2013, the deprivation rate for children is still particularly high – 25.2 per cent in 2016.

**TABLE 9 CHILDREN - RATES FOR CHILDHOOD RISK OF POVERTY, CONSISTENT POVERTY AND DEPRIVATION (2006-2016) (AGE 0-17)**

Risk of Poverty Rate among Children											
Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Rate (%)	22.3	19.9	18.0	18.6	18.4	18.8	19.8	19.6	20.3	19.5	<b>19.3</b> approx. 248,000 children
Consistent Poverty Rate amongst Children											
Rate (%)	10.5	7.4	6.2	8.7	8.8	9.3	10.7	12.8	12.7	11.5	<b>11.1</b> approx. 142,800
Deprivation Rate*											
Rate (%)	19.4	15.9	17.9	23.2	30.5	32.1	32.3	37.3	36.1	31.4	<b>25.2</b> approx. 327,000
* An individual is defined as being deprived if they experience two or more forms of enforced deprivation.											

**Source:** Figure for risk of poverty, 2015: Healy et al. 2017, calculated from CSO SILC Reports. Figure for consistent poverty, 2015 and Rates 2008-2015: Department of Social Protection 2017.

In 2015, social transfers reduced the at-risk-of poverty rate for children from 41.4 per cent to 19.5 per cent, a poverty reduction effect of 52.6 per cent (Department of Social Protection 2017).

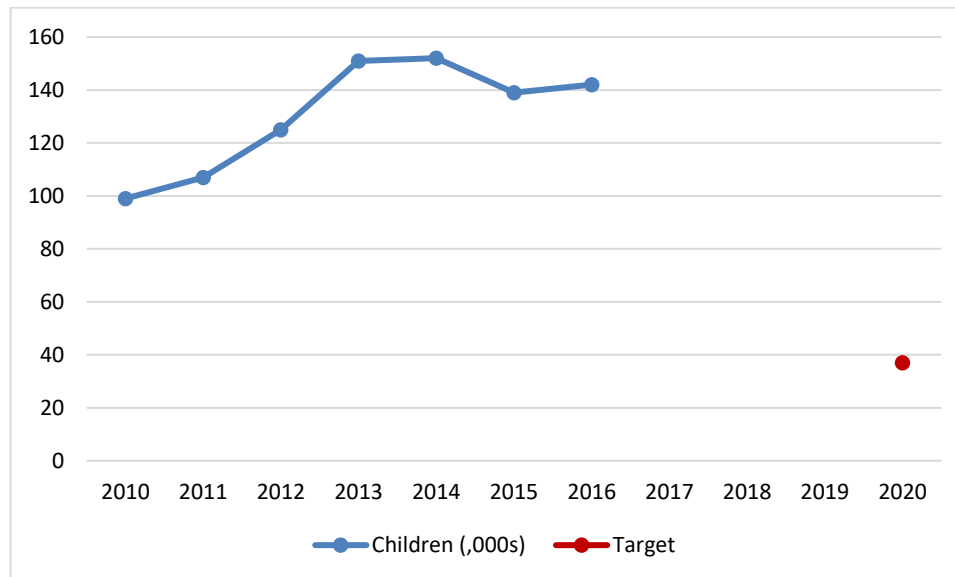
As already stated, the new child poverty sub-target is expressed in terms of consistent poverty:

*to lift over 70,000 children (0-17 years) out of consistent poverty by 2020, a reduction of at least two-thirds on the 2011 level.*

The 2011 figure for children in consistent poverty was 107,000 (9.3 per cent) (Department of Social Protection 2017), meaning that even reaching the target to reduce this figure by 70,000 would leave some 37,000 children in consistent poverty by 2020. As indicated by **Table 9**, the consistent poverty rate for children was 11.1 per cent in 2016, representing some 142,800 children. This means that a new figure of 105,000 children have to be lifted out of consistent poverty to meet the target by 2020 (Department of Social Protection 2017). Thus, as can be

seen from **Figure 244**, Ireland has a long way to go to meet its sub-target for reducing child poverty. Moreover the target set envisages that as many as 37,000 children could be left living in consistent poverty by 2020 – something that the Children’s Ombudsman has highlighted as unacceptably high and that represents an acceptance of a higher rate of consistent poverty among children than the general population (Ombudsman for Children’s Office 2015).

**FIGURE 24 CHILDHOOD CONSISTENT POVERTY AND GOVERNMENT TARGETS 2010-2016**



**Source:** Social Inclusion Monitor (Department of Social Protection 2017); CSO SILC (2017).

The target also seeks to reduce the higher consistent poverty risk for children as compared to adults (aged 18 years and over) and for households with children as compared to non-child households. In 2016, the childhood consistent poverty rate of 11.1 per cent, compared to just over 7 per cent for adults (aged 18 years and over) and people in households with children were almost 2 times more likely to experience consistent poverty than those in households without children (CSO,2017).

In the opinion of *Social Justice Ireland*, this situation is not acceptable in human terms. Furthermore, the fact that such a large proportion of our children are living below the poverty line, in deprivation and in consistent poverty has obvious implications for the education system, for the success of these children within it, for their future job prospects and for Ireland’s economic potential in the long-term.

It is acknowledged that Government has taken some positive measures such as the introduction of a national policy framework for children (*Better Outcomes: Brighter Futures – The National Policy Framework for Children and Young People, 2014-2020*), which includes a recognition that access to quality services are especially important during childhood, and envisages a whole of

government approach which is potentially significant. Increases in Child Benefit in Budget 2016 were also welcomed by *Social Justice Ireland* (2015) as were measures taken in Budget 2017, such as the announcement of a new Single Affordable Childcare Initiative (Social Justice Ireland 2016a), and the increase to the minimum rate of social welfare payment in Budget 2018. However, there were no increases in child benefit or child dependent allowances. Child benefit remains a key route to tackling child poverty, and is of particular value to families on the lowest incomes. The reality remains that a series of cuts and austerity measures have eroded the social infrastructure and are impacting upon community-based programmes.

### **Working Poor**

We have already referred to the issue of the working poor in the context of employment in **Chapter 2**. Having a job is not, of itself, a guarantee that one lives in a poverty-free household. An analysis of CSO SILC data suggests that some groups who have a high risk of poverty (such as people who are ill/disabled) involve much smaller numbers of people than groups such as adults who are employed (the working poor), or people on home duties (Healy *et al*, 2017).

In fact just over 18 per cent (or almost one-fifth) of Ireland's adults with an income below the poverty line were at work in 2016 representing over 104,000 people (Healy *et al* 2018).

This is a remarkable statistic and it is important that policy makers begin to recognise and address this problem. As mentioned in **Chapter 2**, recent findings from the OECD suggest that Ireland has one of the worst incidence of low pay amongst OECD member countries (OECD 2014).

Concepts such as the Living Wage have an important role to play and policies that attempt to keep those on minimum wages out of the tax net are important. Similarly attempts to increase awareness amongst low income working families of their entitlement to the Family Income Supplement (FIS) are welcome; although evidence suggests that FIS is experiencing low take-up, and as such has questionable long-term potential.

However, one of the most effective mechanisms available within the present system to address this problem would be to make tax credits refundable, a proposal that we will outline at the end of this Chapter.

### **Income Distribution in Ireland**

We noted above that Ireland's structural problem with poverty suggests a deeply unequal distribution of direct income and for that reason we wish to look briefly at the issue of income distribution in this report.

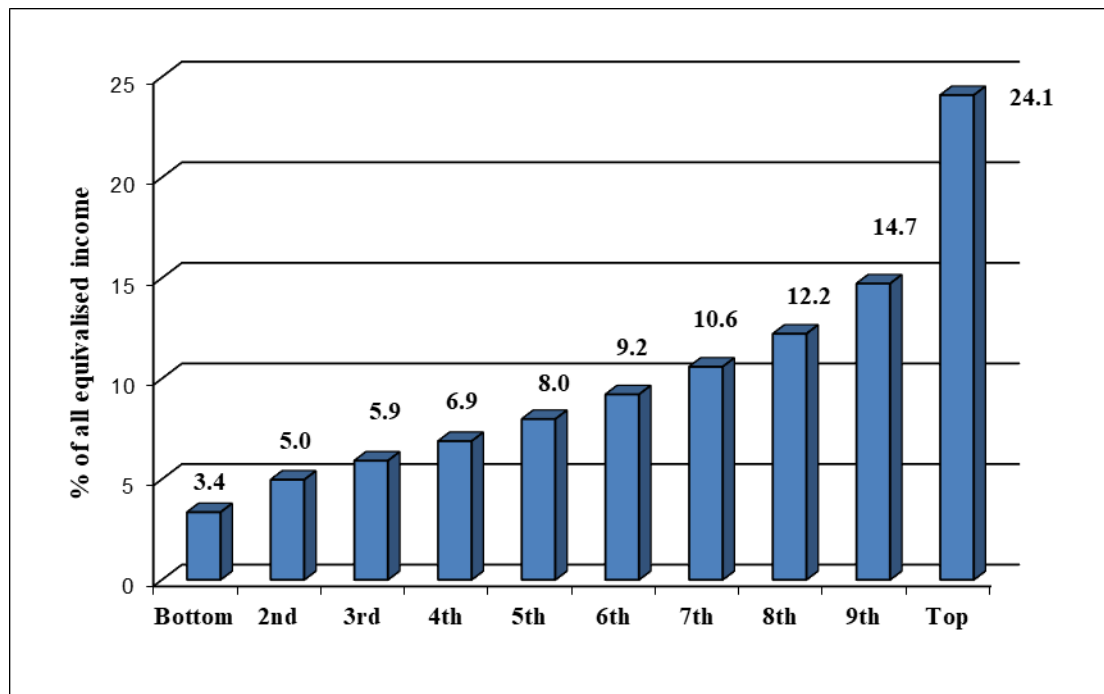
The most recent data on Ireland's income distribution, from the 2016 SILC survey, is summarised in Figure 25. It examines the income distribution by household deciles starting with the 10 per cent of households with the lowest income (the bottom decile) up to the 10 per cent of households with the highest income (the top decile).

The data presented is equalised 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 2016, the top 10 per cent of the population received almost one quarter of the total income while the bottom decile received just over 3 per cent. Collectively, the poorest 60 per cent of households received a very similar share (38 per cent) to the top 20 per cent (39 per cent). Overall the share of the top 10 per cent is more than 7 times the share of the bottom 10 per cent.

**FIGURE 25: IRELAND'S INCOME DISTRIBUTION BY 10% (DECILE) GROUP, 2016**



**Source:** Healy et al 2018 based on CSO SILC for 2016

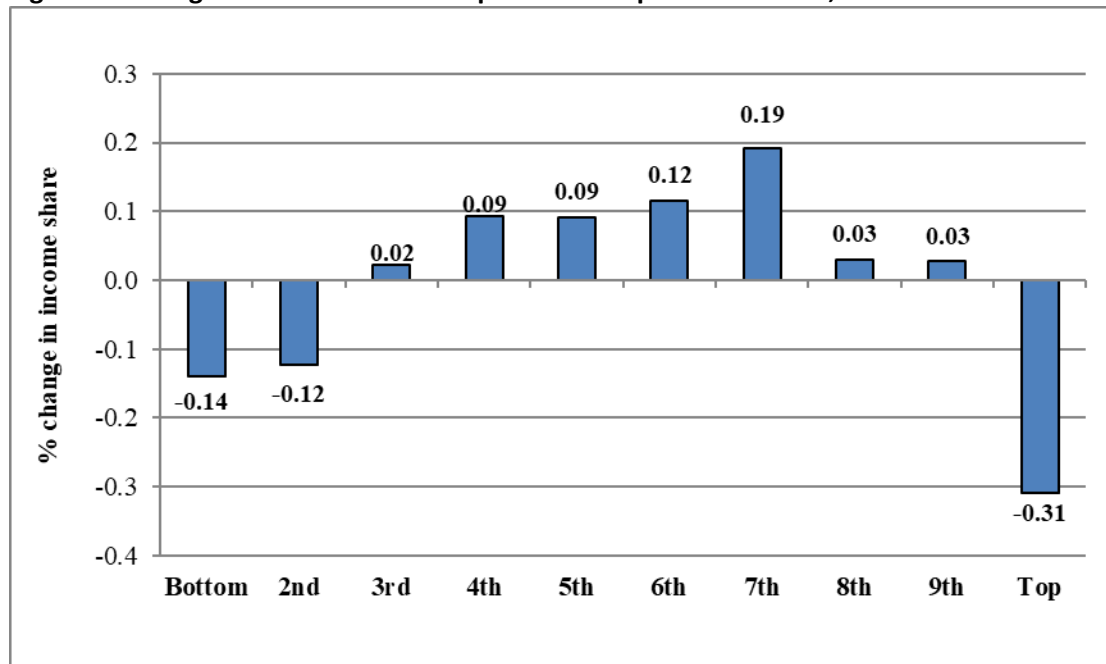
A recent study from NERI showed that the distribution of market income is concentrated on incomes of less than €50,000 per annum – representing 80 per cent of all earners. Some 15 per cent of all those with a market income (about 290,000 people) receive less than €5,000 (the average direct income for this group is €2,000 and most receive less than €1,000) (Collins 2015). 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, 2015: 4).

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, ranges from 0 (no inequality) to 100 (maximum inequality) and has stood at approximately 30-32 for Ireland for some time. In 2016 it stood at 29.5.



**Figure 26** compares the change in income between 2008 and 2016. 2008 represented the year when average incomes in Ireland peaked. Since then incomes have fallen for all, but the impact of the recession has been felt in different ways by different people/households. Over that period, the changes to the income shares received by deciles has been small; between + and -0.5 per cent, with the most notable changes at either end of the income distribution. The decline in the share of the bottom two deciles highlights the reality that if we wish to address and close these income divides, future Government policy must prioritise those at the bottom of the income distribution.

**Figure 26 Change in Decile Shares of Equivalised Disposable Income, 2008-2016**



**Source:** Healy et al 2017, calculated from CSO SILC reports, various years.

Budget 2018 marked the second Budget of the current Government. It was a Budget that *Social Justice Ireland* described as making ‘modest progress but lacking strategy and ambition’.. See Healy et al 2018, in which *Social Justice Ireland* reviewed the distributive impact of Budget 2018 and presented an analysis of the cumulative impact of its taxation and welfare changes on families of different types. There we concluded that the combined effect of the welfare and taxation measures announced in Budget 2018 will deliver an increase in disposable income to all household types. However, the gains have been skewed towards those with the highest incomes. Our analysis points towards the choices and priorities the Government has made. Overall these choices, while fairer than in recent years, have favoured the better-off in our society.

If these income divides are to be addressed, Government policy must prioritise those at the bottom of the income distribution. Otherwise, these dives will persist for future generations and perhaps widen.

## Poverty in Ireland: *Social Justice Ireland* Response

*Social Justice Ireland* welcomed the increased attention given to the issue of poverty and exclusion by inclusion of a target in the Europe 2020 Strategy. High rates of poverty and income inequality require greater attention than they currently receive. Tackling these problems requires a multifaceted approach with action on many fronts including healthcare and education, 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.

Ireland is a very long way away from its Europe 2020 poverty target, and indeed from its new sub-target relative to childhood poverty; and while trends are starting to improve, there remains a lot of ground to be made to reverse the damage following the 2008 crisis. The reality is that the recession and its associated austerity measures pushed Ireland away from reaching its targets. Some headline statistics (from 2016, the latest available) already highlighted above include:

- 1.1 million people are living in poverty or social exclusion (the EU-2020 Strategy combined indicator).
- More than three quarters of a million people in Ireland are living in income poverty (790,763) (60% line),
- 21 per cent of the population, over 1 million people, were experiencing enforced deprivation,
- 397,7778 people experienced consistent poverty (an indicator that counts a sub-set of poor people) and the 2016 rate is approximately double the 2008 rate,
- There was a gap of over four percentage points (or about 51 per cent) to be bridged to meet the National Reform Programme interim poverty target that was set for the year 2016
- Children made up the largest group of the population who were poor (26.5 per cent of the total), and approximately 247,000 children were at risk of poverty (19.3 per cent); the rate of deprivation amongst children was 25.2 per cent,
- Ireland has a long way to go to meet its sub-target for reducing child poverty,
- Just over 18 per cent (or almost one-fifth) of Ireland's adults with an income below the poverty line were at work in 2016 representing over 104,000 people,
- Without the social welfare system almost half the Irish population would have been living in poverty.

On several occasions, *Social Justice Ireland* expressed regret that in 2012 the Irish Government revised down the headline target for poverty reduction that had been contained in the 2011 National Reform Programme. We have indicated before that it is imperative that the Government address the issue of establishing new subsidiary targets for vulnerable groups.

The reference to an announcement of a sub-target relative to jobless households in the National Reform Programme for 2014 was welcome, but the delay in introducing it is regrettable. Actions intended to reduce the numbers of jobless households must take account of the issues highlighted by the National Economic and Social Council (2014). These include the need for participation and

activation measures to include responses such as adult literacy, child development, family supports, addiction services, disability services, housing, education and training, public employment, community employment, and so on, as well as engagement with employers.

When it comes to poverty indicators, a measure of persistent poverty is long overdue and a crucial missing piece in knowledge of households and individuals on low incomes. 'Persistent poverty' is another measure of poverty developed at EU level (as part of the Laeken process) which measures those below the 60 per cent median income line in the current year and for two of the previous three years (thus measuring those who experienced a sustained exposure to poverty). To date the detail of this is not included in the CSO SILC surveys for Ireland. *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. As the persistent poverty indicator will identify the long-term poor, we believe that the CSO should produce comprehensive breakdowns of those in persistent poverty, similar to the approach it currently takes with relative income poverty.

Budget 2017 delivered a welcome increase to the minimum social welfare payments. From March 2017 onwards it increased by €5 per week (to €193); the first increase to this payment since 2011. 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. At the very least this implies keeping track with consumer prices and ideally increases should be linked to movements in average earnings.

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 job-seeker's payment. It then adds an additional payment of about two-thirds of the basic payment for the second person. *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 (2000-2004). An effective way of doing this would be to introduce a basic income system which is far more appropriate for the world of the 21st century.

*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 21st century. To this end we have sought the introduction of a basic income system. For more on this see Healy *et al* 2017 and also a costed proposal for a basic income Healy *et al* 2012

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 (see summary below of proposal for this).
- 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.
- Provide substantial new measures to address long-term unemployment. This should include programmes aimed at re-training and re-skilling those at highest risk.
- Recognise the problem of the 'working poor'. Make tax credits refundable to address the situation of households in poverty which are headed by a person with a job (see below).
- 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 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.

Implicit in the approach taken in the Europe 2020 Strategy is that economic development, social development and environmental protection are complementary and interdependent – three sides of the same reality. Inclusive growth is not just about fostering a high-employment economy, it also aims to deliver social cohesion – it is integral to the Europe 2020 strategy and needs to be integral to the response of the Irish Government.

### **Social Justice Ireland Recommendations**

The Irish Government should carry out in-depth social impact assessments prior to introducing budgets or implementing policies in order to ensure that the position of people experiencing poverty and social exclusion is not worsened.

Furthermore, Social Justice Ireland proposes that the following should be adopted as Ireland’s headline target on poverty:

- Ireland Headline Target: To reduce by 2020 the consistent poverty rate to 2%; the at-risk-of-poverty rate anchored in time to 8%; and the at-risk-of-poverty (only) rate to 7%.
- These headline targets should be accompanied by subsidiary poverty targets for vulnerable groups as set out in the following Table.

**TABLE 10 SOCIAL JUSTICE IRELAND RECOMMENDED POVERTY TARGETS**

<b>Subsidiary Poverty Targets</b>					
	<b>Overall target</b>	<b>Children</b>	<b>Lone parents</b>	<b>Jobless households</b>	<b>Social rented housing</b>
<b>Consistent poverty</b>	2%	1-2%	4-6%	4-6%	4-6%
<b>At-risk-of-poverty (only)</b>	7%	8-10%	10-12%	10-12%	10-12%

## **Social Justice Ireland – Proposal for Refundable Tax Credits**

### **Background**

In Ireland in 2016 large numbers of people (approximately 105,000) who were employed were living at risk of poverty. It is important that policy-makers recognise and address this problem. One of the most effective mechanisms available within the present system to address the problem of the working poor would be to make tax credits refundable. *Social Justice Ireland* has published research on this in its study 'Building a Fairer Taxation System: The Working Poor and the Cost of Refundable Tax Credits' (2010). The study showed that making tax credits refundable is financially possible at a relatively small cost. Such a move would have a very positive impact on those who are in poverty though working – the working poor.

### **The Proposal**

The study identified that the proposed system would benefit 113,000 low-income individuals in an efficient and cost-effective manner. These individuals would receive a refund of their unused tax credits, the majority of which are valued at under €2,400 per annum or €46 per week.

When children and other adults in the household are taken into account, the total number of beneficiaries would be 240,000.

Many working families on low earnings struggle to achieve a basic standard of living. By making tax credits refundable, the Government would begin to address the problem of the working poor and would improve the living standards of a substantial number of people. The cost of making the change would be €140million.

### **Outcomes**

This proposal would make Ireland's tax system fairer, ensure that in the future all changes in tax credits are experienced equally by all employees, address part of the problem of the working poor and improve the living standards of a substantial number of people. It would mark a significant step in building a fairer way for Irish society to allocate its resources.

## Governance

The Europe 2020 Strategy was envisaged to have a partnership approach at its heart. This was to extend to national parliaments, to local/regional authorities to social partners and civil society as well as encompassing the European Council, the Commission, the European Parliament and EU Committees. Both the elaboration of national reform programmes and their implementation were envisaged as being done in a partnership that included representatives of civil society so as to strengthen ‘ownership’ of the process (European Commission, 2010, p.6, 29):

*By establishing a permanent dialogue between various levels of government, the priorities of the Union are brought closer to citizens, strengthening the ownership needed to deliver the European 2020 strategy (European Commission, 2010, p, 29).*

An October 2015 communication from the Commission suggests that Member States need to pay greater attention to the contribution of national social partners, in particular to strengthen ownership of measures undertaken, and encourages stronger involvement of social partners in the elaboration of National Reform Programmes (2015b). The need to improve the delivery of the strategy through enhanced ownership and involvement on the ground was a finding from the consultation that took place during 2014 on the future of the Europe 2020 Strategy (European Commission 2015b). In 2016 a broad public consultation was launched by the Commission on a proposed European Pillar of Social Rights. This arises from a recognition that:

‘For Europe to be successful in the future and – equally important – to remain credible for European citizens, we need to further strengthen the social dimension of the European Union, and particularly for the euro area’ (from speech by Commissioner Thyssen, 8 March 2016).

The European Union has now commenced a process of envisaging the future of Europe having regard to the fact that trust has been eroded in the union - around a third of citizens trust the EU today, when about half of Europeans did so ten years ago (see European Commission 2017c).

## Partnership in Practice

A pattern of less than adequate participation in the National Reform Programme process seems to have emerged in countries across Europe, with European civil society networks reporting a varied experience, often involving limited consultation on social inclusion issues and a failure to reflect stakeholder views in final programmes (Caritas Europa, 2013).

In Ireland, an annual Social Inclusion Forum is organised to allow for wider public consultation and discussion on social inclusion issues, taking place at the start of the year so as to align with the European Semester cycle. However, over several years, the experience of *Social Justice Ireland* relative to the consultation processes on the preparation of the National Reform Programme has not been a positive one.

## **Social Justice Ireland Response**

The approach to partnership with an aim of fostering joint ownership enshrined in the Europe 2020 Strategy is a sensible and desirable approach. But findings from an in-depth study carried out by the CSO into Irish voter participation suggests that many people, especially young people and those who have lower educational attainment levels, have little confidence in the political process (CSO 2011a). They have become disillusioned because the political process fails to involve them in any real way, while also failing to address many of their core concerns. Many of the developments of recent years will simply have added to the disillusionment of many people.

A new approach is clearly needed to address this issue. This is particularly relevant in Ireland today, where people are living with the consequences of the bailout programme and repaying the debts of European banks through a programme of austerity and upward redistribution of resources. Many feel disenfranchised by a process that produced this outcome without any meaningful consultation with citizens. It is crucially important as politicians and policy makers begin to talk of recovery that people feel engaged in this process. In order to ensure that the recovery reaches all sections of society then we must ensure that all voices are heard. The failure to discuss openly a range of civil society issues that are of major concern to large numbers of people is contributing to disillusionment with the political process. When discussion or debate does take place, furthermore, many people feel that they are not allowed to participate in any real way.

Government held the first National Economic Dialogue in July 2015, and reprised this format in 2016 and 2017. *Social Justice Ireland* welcomes this deliberative approach to policymaking, and believes Government should convene such a forum on a regular basis. It should, however, not confine its deliberations to the economy. A wide range of areas need to be addressed simultaneously if the economy is to thrive. Such social dialogue, in various forms, is common across Europe's most successful economies and can play a key role in building a vibrant and sustainable society here in Ireland. Government will make the final decisions on all policy issues; that has always been the case. But it is important that any new policymaking approach adopted by Government is integrated and inclusive, and engages all sectors of society. Without this, lopsided outcomes that benefit some and not all will emerge. At the National Economic Dialogue *Social Justice Ireland* posed four questions for discussion that we believe should be at the core of any discussion on a framework for Ireland's future:

- What services and infrastructure are required?
- How are these to be delivered?
- How are these services and infrastructure to be paid for?
- How can we maintain a vibrant and sustainable economy and society?

If Government wishes for all of society to take responsibility for producing a more viable future, it must involve all of us in shaping it. When groups have been involved in shaping decisions they are far more likely to take responsibility for implementing these decisions, difficult and



demanding though they may be. Ireland urgently needs to set a course for the future that will secure a vibrant economy, just taxation, decent social services and infrastructure, good governance and sustainability. A social dialogue process that includes all stakeholders in Irish society would go a long way towards achieving such a future. There are lessons to be learned from the old social partnership process. It is important that this learning is based on evidence.

Having regard to the overall challenge of engaging citizens in decision-making processes, one positive development is the establishment of a structure for participatory engagement in decision-making on an on-going basis at local level called 'The Public Participation Network' (PPN). The PPN facilitates input by the public into local government through a structure that ensures public participation and representation and decision-making committees within local government.

*Social Justice Ireland* proposes that Government authorises and resources an initiative to identify how a civil society debate could be developed and maintained and to examine how it might connect to the growing debate at European level around civil society issues.

Much work has been done in recent years by the Council of Europe on how such an approach might be formalised for the benefit of all concerned. From this has come the *Charter on Shared Social Responsibilities*. The Charter argues that having a well-defined deliberative process can ensure, among other things, that individual preferences are reconciled with widespread priorities in the field of social, environmental and intergenerational justice. It envisages participatory processes, 'making it possible to define the needs of the stakeholders and establish priorities through the exchange of views, and through the unbiased arbitration of different interests' (5). It aims at implementation through participatory processes that aim to 'define the needs of the stakeholders and establish priorities through the exchange of views, and through the unbiased arbitration of different interests' (Council of Europe, 2014, 5(b)):

The views of weaker stakeholders should also be heard, heeded and capable of influencing decisions and results. This means avoiding situations where stronger stakeholders, in possession of more information and organisational power, relinquish their specific responsibilities or impose priorities based on their interests alone (Council of Europe, 2014, *Principle of Recognition, 7*).

*Social Justice Ireland* recommends that, in the on-going framing, development and implementation of the National Reform Programme, Government move towards a deliberative approach. A deliberative process would see all stakeholders addressing the evidence together while the power-differentials between the stakeholders are not in play. The evidence would be presented and discussed with a view to providing the most accurate 'reading' of the issues being addressed. Stakeholders would collaboratively identify;

- a) The current issues and how they arose;
- b) The most desirable future that could be achieved;
- c) The means by which to move forward.

As stated, this process would be based on evidence and thus would ensure that the most appropriate manner in which to address issues would be identified and agreed upon. This approach ensures a high level of accountability among stakeholders ensuring that responsibility is taken for decisions and the implementation of actions required.

### ***Social Justice Ireland Recommendations***

- **Establish and resource a forum for dialogue on civil society issues. This initiative should identify how a civil society debate could be developed and maintained in Ireland and should examine how it might connect to the growing debate at European level around civil society issues.**
- **Implement the PPN framework recommendations for citizen engagement at local level and ensure adequate resources are made available for capacity building.**
- **Ensure that there is real and effective monitoring and impact assessment of policy implementation using an evidence-based approach. Involve a wide range of perspectives in this process, thus ensuring inclusion of the experience of those currently excluded.**

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