Social Justice Ireland

Building a New Social Contract

Policy Recommendations

September 2020

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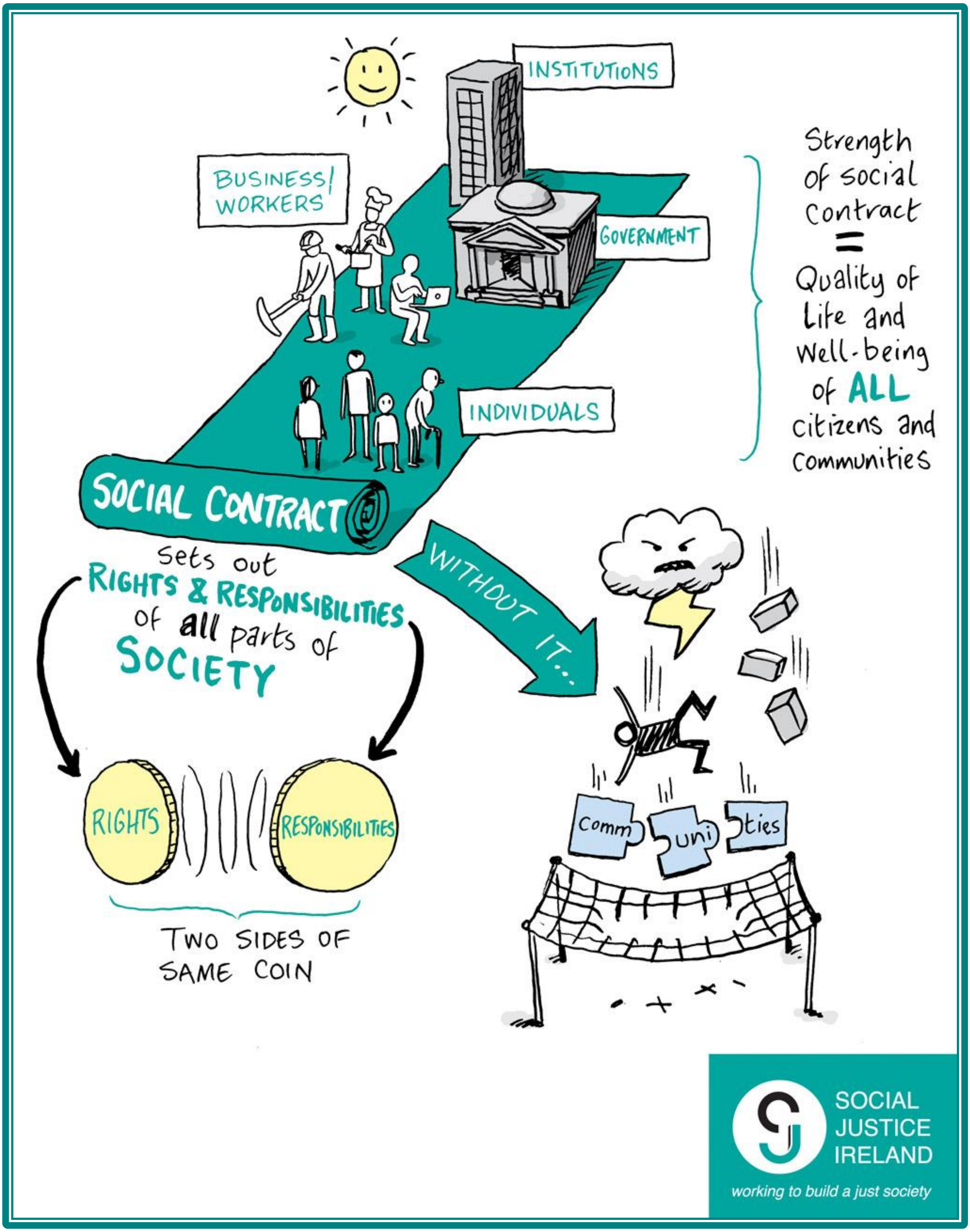
INSTITUTIONS
BUSINESS/ WORKERS
GOVERNMENT
INDIVIDUALS
Strength of social contract = Quality of Life and Well-being of ALL citizens and communities
SOCIAL CONTRACT
sets out RIGHTS & RESPONSIBILITIES of all parts of SOCIETY
WITHOUT IT...
RIGHTS
RESPONSIBILITIES
TWO SIDES OF SAME COIN
Comm uni ties
SOCIAL JUSTICE IRELAND
working to build a just society

Time for a New Social Contract

Most people pay little or no attention to the Social Contract that underpins their relationship with the State. Yet the Social Contract is very important as it sets out the, often unwritten, agreement whereby the citizen contributes to the common good, economically, socially and culturally, on the assumption that the State will ensure a minimum standard of living, essential social services and infrastructure, and the protection of basic rights.

Moments of great upheaval often see people raising major questions concerning what was simply taken as 'given' previously. The Covid-19 pandemic is such a moment.

The general response to these new challenges has shown a solidarity that is not always obvious in the usual day-to-day experience of most people. But it also shows up the inequalities on which our society is built.

The economic lockdown is imposing the greatest cost on those already worst off. Thousands of jobs have been lost in hospitality, leisure, and related sectors which are characterised by a high incidence of low pay. Many of those who are still working and risking their lives such as carers and healthcare support workers, as well as shelf-stackers and cleaners, are also among the lowest paid in our society.

Government clearly acknowledged that the basic welfare payment of €203 is too low when it set the Pandemic Unemployment Payment at €350 a week. If it is too low for those becoming unemployed, then it is too low for those already unemployed. It is well beyond time that every person in Ireland was guaranteed an income which provided a Minimum Essential Standard of Living as set out by the Vincentian Partnership for Social Justice.

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

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

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

We need a social contract that is underpinned by a commitment that Government will work at all times to produce five key outcomes simultaneously. These are:

1) a vibrant economy;

2) decent services and infrastructure;

3) just taxation;

4) good governance; and

5) sustainability.

Working to achieve one or two of these outcomes, rather than all five simultaneously, would simply lead to further inequality and exclusion.

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

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

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

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

This pandemic, even at this early stage, illustrates the critical value of having an effective public sector. The focus of recent decades on constantly reducing the role of the public sector has been shown to be wrong. Countries with a functioning public sector that caters for essential health services for all have been shown to be better equipped to deal with the pandemic than those without, including Ireland with its two-tier health care. We cannot return to a two-tier healthcare system when this is over.

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

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

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- Make savings on expenditure.
- Adjust the EU's fiscal rules to cope with the post-COVID reality.

► Ensure Financial Stability

- Integrate a Sustainable Development Framework into economic policy.
- Off-balance sheet investment in affordable housing and rental.
- Appeal the Eurostat decision in respect of Tier 3 AHBs.

► Boost Public Investment

- Increase investment in infrastructure and services.
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- Resource the up-skilling of those who are/or at risk of unemployment.
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- Increase investment in ECCE by 0.1% of GDP annually.
- Develop a framework to delivery sustainable funding revenues for higher education.

► Decent Jobs

- Increase the minimum wage to the level of the Living Wage
- Strengthen and enforce legislation to tackle job precarity and low pay.
- Develop flexible working initiatives.
- Recruit and upskill healthcare workers to meet demand.

► Reduce Inequality

- Set an ambitious national poverty reduction target
- Make persistent poverty the primary indicator of poverty measurement.
- Introduce policies to eliminate in-work poverty and make Tax Credits refundable to address the 'working poor' issue.
- Reduce the overall poverty rate to 4% within five years.
- Ensure adequate income through the lifecycle.

DECENT SERVICES AND INFRASTRUCTURE

► Increase Investment

- Invest in Primary Care Networks and step down facilities.
- Fully resource the implementation of Sláintecare.
- Set a target of 20% of all housing stock in Ireland to be social housing.
- Invest in Housing First and develop a suite of wraparound services for homeless adults and families.

► Quality Services

- Invest in education, literacy and retraining programmes to address NEETs.
- Invest in community services to remove barriers to employment.
- Properly resource mental health services.
- Create additional respite care and long-stay facilities for older people and people with disabilities.
- Fund the CSO to conduct annual surveys to discover the value of all unpaid work across the country.

► Minimum Social Floor

- Introduce a floor of Basic Income and Basic Services.
- Give greater recognition of the role of carers and work in the home.
- Introduce a cost of disability payment.
- Index social welfare payments to Minimum Essential Budget Standard.
- Ensure medical card coverage for all who are vulnerable.
- Introduce State-led childcare.

JUST TAXATION

►Increase overall tax take

- Commit to increasing the total tax take by between €2.5 to €3bn annually.
- Review the use of tax expenditures.
- Reform the High-Income Individuals' Restriction.
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- Ensure fair taxation of corporates
- Introduce a minimum effective rate of corporation tax of 6% on all corporate profits passing through Ireland.
- Clarify and enforce the Vacant Site Levy.

►Broaden the Tax Base

- Introduce a Financial Transactions Tax.
- Introduce an aviation fuel tax.
- Promote behavioural change through the tax system.
- Replace the Local Property Tax with a Site Value Tax.
- Reintroduce the Windfall Gains Tax at 80%.
- Close tax loopholes for property investment vehicles.
- Reintroduce the Non-Principal Private Residence Tax.

►Taxation Governance

- Provide an Annual Review of Tax Expenditures.
- Establish a Taxation Commission with a clear mandate to set out a pathway towards increasing the total tax-take and broadening the tax base.
- Simplify the tax system.

A New Social Contract – Key Policy Recommendations

GOOD GOVERNANCE

► Open, transparent and accountable

- Introduce impact assessment and poverty proofing on all Government initiatives.
- Ensure that Budgetary allocations are valid, realistic and transparent.
- Penalise Local Authorities who do not use their full allocation for Traveller Specific Accommodation.
- Adopt and implement a national financial literacy strategy.
- Ensure adequate funding for civil legal aid.
- Provide greater transparency of lobbying activities.

► Social Dialogue

- National Economic and Social Dialogue / Partnership to include all five pillars.
- Ensure that all voices are heard and include all stakeholders.
- Broaden discussion beyond pay and taxation.
- Ensure an integrated approach to discussing issues.

► Real participation/ Deliberative Democracy

- Establish a Dialogue Forum in every Local Authority involving Local Authorities and the Public Participation Networks (PPNs).
- Fully implement recommendations of the Commission for the Elimination of Racial Discrimination within a reasonable timeframe.
- Introduce an ex-ante social impact assessment of all policy proposals to be discussed at Oireachtas Committees.

SUSTAINABILITY

► Climate Justice

- Ensure all people are treated fairly in the creation of policies and projects that address climate change as well as in the systems that create climate change.
- Ensure sustainability forms the basis of future agricultural policy.
- Develop a comprehensive mitigation and transition programme.

► Protect the Environment

- Invest in environmentally friendly public transport networks.
- Invest in hard infrastructure for cycle lanes.
- Develop passive housing construction processes.
- Review building regulations.
- Adopt targets and a reporting system for each of the Sustainable Development Goals.
- Set ambitious emissions reduction targets for 2030.

► Balanced Regional Development

- Ensure that investment is balanced between the regions, with due regard to sub-regional areas.
- Develop an Integrated Rural Development Policy Structure.
- Establish a Just Transition and Adaptation Dialogue.
- Implement the Sustainable, Inclusive and Empowered

► Sustainable Progress Index

- Develop a new National Index of Progress, a Sustainable Progress Index, ensuring social and environmental issues are incorporated into our national accounts.

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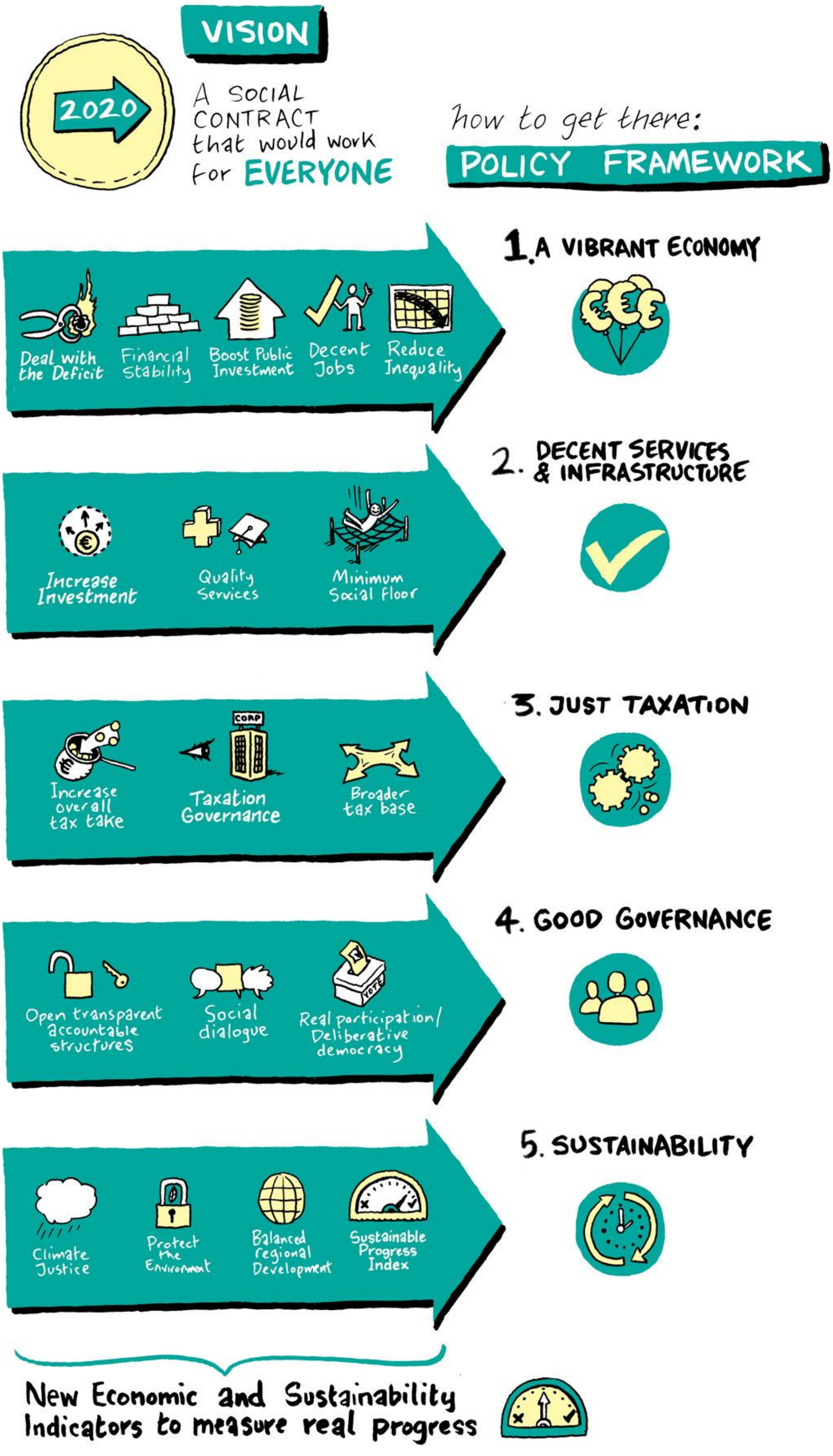
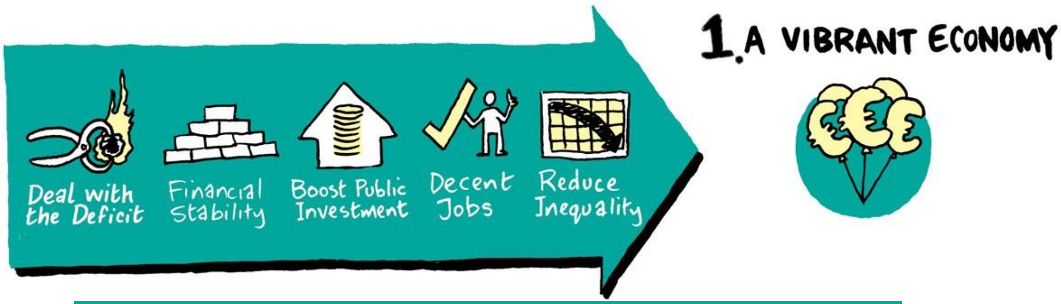

VISION
2020
A SOCIAL CONTRACT that would work for EVERYONE
how to get there:
POLICY FRAMEWORK
1. A VIBRANT ECONOMY
Deal with the Deficit
Financial Stability
Boost Public Investment
Decent Jobs
Reduce Inequality
2. DECENT SERVICES & INFRASTRUCTURE
Increase Investment
Quality Services
Minimum Social Floor
3. JUST TAXATION
CORP
Increase overall tax take
Taxation Governance
Broader tax base
4. GOOD GOVERNANCE
VOTE
Open transparent accountable structures
Social dialogue
Real participation/ Deliberative democracy
5. SUSTAINABILITY
Climate Justice
Protect the Environment
Balanced regional Development
Sustainable Progress Index
New Economic and Sustainability Indicators to measure real progress



Deal with the Deficit

Ring-fence the COVID-costs incurred in 2020, 2021 and 2022 and finance these with a very long-term, low-interest loan provided by the EU and the European Central Bank. We must review the recovery from the current crisis in two distinct, but connected, parts. The first is the immediate aftermath of the COVID-19 crisis and the associated costs, and the second is the recovery of the economy and society into the future. These must be separated out, with the COVID-19 costs ring-fenced and financed through low-cost borrowing from Europe.

Move Ireland's total tax-take towards the EU-average by widening the tax base in a fair and just manner. Ireland is a low-tax country by international standards. A vibrant economy must include a sustainable tax-base with increased taxation to fund ongoing expenditures (more details in Pillar 3).

Make savings on expenditure, but not through cuts in services or infrastructure budgets. We must learn the lessons of the past and avoid a return to austerity policies. These are not only societally damaging, but economically counter-productive as domestic economic activity contracts.

Adjust the EU's fiscal rules to cope with the post-COVID reality. *Social Justice Ireland* has long argued that the EU Fiscal Rules were not fit for purpose. In the context of a post-COVID-19 Europe, they are counter-productive to funding the necessary current and capital expenditures required.

Financial Stability

Integrate a Sustainable Development Framework into economic policy. Sustainable economic growth is vital if future generations are to enjoy the fruits of a vibrant economy and society. While growth and economic competitiveness are important, they should be considered in the context of sustainability, using a framework for sustainable development which gives equal consideration to the environmental, social, and economic pillars. A sustainable development framework integrates these three pillars in a balanced manner with consideration for the needs of future generations. Maintaining this balance is crucial to the long-term development of a sustainable resource-efficient future for Ireland.

Off-balance-sheet investment in affordable housing and rental. The pervasiveness of the housing crisis, and its associated health risks, have been brought into stark relief by the COVID-19 pandemic. We need to radically rethink our housing system and, acknowledging the need to address the Fiscal Rules, look for innovative ways to fund the necessary infrastructure.

Appeal the Eurostat decision in respect of Tier 3 Approved Housing Bodies. If Ireland's level of social housing provision is to be aligned with other European countries (see Pillar 2), we must revisit the Eurostat determination that Tier 3 Approved Housing Bodies were to be treated as part of general government balance sheet.

Boost Public Investment

Dramatically increase investment in infrastructure and services (details under Pillar 2). Supporting investment in infrastructure and services, particularly in high-employment-intensity, smaller scale projects, supports local economies at a time when the SME sector is struggling to cope. There is time to plan for larger scale projects; however priority must be given to local and regional development.

Recognise that, while most additional investment should be on once-off infrastructure, there is also a need to invest in recurring expenditure to generate the structural change and reform required. COVID-19 has emphasised the necessity of capital investment in healthcare, housing, education, and broadband, among other areas. That investment must also be accompanied by a commitment to current expenditure that supports the relevant functions (for example, primary care teams; wraparound services for Housing First; reducing the teacher/pupil ratio etc.).

Resource the up-skilling of those who are unemployed or at risk of unemployment. In as much as COVID-19 has highlighted 'essential work', it has also brought into relief the precarity of certain types of employment, particularly work undertaken by younger workers. We must also begin a Just Transition to more sustainable employment in the context of environmental protection and globalisation. Through a process of employer-led education and training initiatives, workers will be more adaptable and SMEs (small and medium enterprises) more sustainable through the retention of a skilled labour force.

Invest in Lifelong Learning as part of a human capital investment strategy. Lifelong learning is essential to ensure Ireland can meet the challenges that automation and adaptation pose to the future of work. While Ireland's lifelong learning participation rate is slowly improving (it was 13 per cent in 2019) those engaged in lifelong learning are more likely to be professionals rather than those with lower skills. Less than half of the adult population has at least basic digital skills and only 28 per cent of people have digital skills above a basic level. COVID-19 has clearly demonstrated how core this capacity is to working life and the urgency of addressing this deficit.

Commit to increasing investment in Early Childhood Care and Education by 0.1per cent of GDP annually. The most striking feature of investment in education in Ireland relative to other OECD countries is its under-investment in early childhood education. Consecutive studies show Ireland has spent just 0.1 per cent of GDP on pre-primary education compared to an OECD average which has increased from 0.5 to 0.8 per cent. Early childhood education and care has a profound and long-lasting impact on individual lives and on societies. We must therefore strive to emulate our OECD peers and move closer to the OECD average.

Develop a framework to deliver sustainable funding revenues for higher education. Having a 3rd level qualification is closely linked with higher employment rates and income levels throughout life. Adults with a tertiary degree in Ireland earn on average 81 per cent more than adults with upper secondary education. The employment rate is 11 percentage points higher for degree holders than for those with an upper secondary or post-secondary non-tertiary education. The benefits of investing in education, to the individual, to the economy and to society, far outweigh any initial outlay of resources. Education funding per undergraduate student (full-time, part-time, remote and FETAC) enrolled in 2019 was 50 per cent lower than in 2008. If we want to maintain our reputation as having a highly-skilled, well-educated labour force, we must invest and develop a sustainable funding mechanism for higher education.

Decent Jobs

Increase the minimum wage to the level of the Living Wage. Around 120,000 workers in Ireland earn the National Minimum Wage (NMW) or less, and up to twice that many again earn below the Living Wage – the rate a single person working full-time must earn to achieve a minimum socially acceptable standard of living.

Strengthen and enforce legislation to tackle job precarity and low pay. Ireland has one of the highest rates of low-paid employment in the OECD; almost 6 times the rate of Belgium, which is the best performer, and 2nd worst behind only the United States. We must address this from both a societal and an economic standpoint. Providing a living wage would also have a positive economic multiplier effect.

Develop flexible working initiatives to support remote working and increased participation for people with disabilities. COVID-19 has changed the nature of work in Ireland. Remote and flexible working has become the norm for many workers who are not on the 'front line'. While this has presented challenges, particularly for those juggling education and caring responsibilities, it has also presented the opportunity to test new ways to work. The *Remote Work in Ireland – Future Jobs 2019* report acknowledges the importance of providing flexible alternatives from the point of view of sustainability, and increasing labour market participation among women and people with disabilities. The past number of months has proven that many of these alternatives already exist. These must now become streamlined to facilitate this broadening of the labour force participation.

Recruit and upskill healthcare workers to meet demand. Even before the COVID-19 crisis, there was a healthcare crisis with high occupancy rates in acute services and a dearth of step-down and home care supports. The response to the call by the Minister for Health for Irish registered healthcare workers was overwhelming. We must harness this response and move to support and upskill workers in the healthcare sector.

Reduce Inequality

Set an ambitious national poverty reduction target. High rates of poverty and income inequality have been the norm in Irish society for some time. Ireland has one of the most unequal distributions of market income in the European Union. We rely heavily on our tax and social welfare systems to produce a more equal society. We need to set an ambitious national poverty reduction target to eliminate poverty in line with our Agenda 2030 commitments.

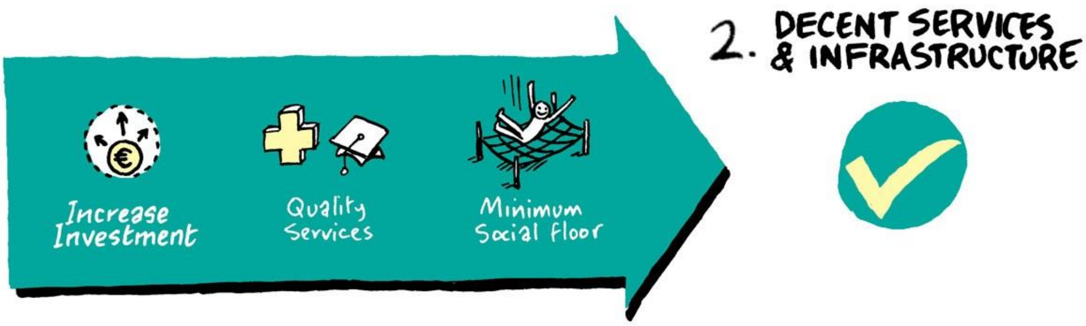
Make persistent poverty the primary indicator of poverty measurement. As part of the EU structure of social indicators, Ireland has agreed to produce an indicator of persistent poverty. This indicator measures the proportion of those living below the poverty line in the current year and for two of the three preceding years. It therefore identifies those who have experienced sustained exposure to poverty which is seen to seriously harm their quality of life. This is long overdue and is a crucial missing piece in society's knowledge of households and individuals on low income.

Introduce policies to eliminate in-work poverty, including making tax credits refundable. There is an unacceptably high instance of low paid employment in Ireland. 110,000 people live below the poverty line despite having a job. 200,000 people in employment are experiencing enforced deprivation. We need to recognise the problem of the 'working poor'. Making the two main income tax credits refundable would help address the situation of households in poverty which are headed by a person with a job, and also make the income tax credit system fairer.

Implement a programme to reduce overall poverty rate to 4per cent within five years. The at-risk-of-poverty rate in

Ireland is 14 per cent. Without the tax and social welfare systems, the rate of people experiencing poverty in Ireland would be 40.9 per cent. Such an underlying poverty rate suggests a deeply unequal distribution of market income. Of the approximately 680,000 people living in poverty in Ireland, around 200,000 are children. As part of our move to eliminate poverty, we must set a national poverty target of 4 per cent within the term of this Government.

Ensure adequate income through the lifecycle, including adequate payments for children, women, and a Universal State Social Welfare Pension. In the last decade, the poverty rates for single person households have risen notably, while they have fallen (or remained more-or-less static) for other household types. This is true for both people of working age, and for those over 65. This Government should ensure that core social welfare rates keep pace with changes in the economy and elsewhere in society. There should be increased equity of social welfare rates, and less reliance on Qualified Adult payments. Policy should ensure that payments for children are adequate, in order to address child poverty and move towards a Universal State Social Welfare Pension to support older people to live with dignity.



Increase Investment

Invest in Primary Care Networks and step-down facilities. Ireland is a relatively young, but ageing, population. Healthcare needs across the lifecycle are more appropriately addressed, in most instances, at a community level, with acute care reserved for acute cases. The lack of step-down facilities is also linked to delayed discharges from acute hospitals, which are coming under increasing pressure from an increasing population in the absence of adequate community healthcare. This is particularly the case in the areas of home support and continuing care, and other supports enabling older people to live in the community for as long as possible.

Fully resource the implementation of Sláintecare, including the €500 million commitment to infrastructure over the next 6 years. *Social Justice Ireland* welcomed the Sláintecare report's recognition that Ireland's health system should be built on the solid foundations of primary care and social care. However, the required capital allocation of €500 million per year for the first six years to support the infrastructure to implement Sláintecare has not been made since the programme received cross-party support in 2016. In order to deliver the modern, responsive, integrated public health system that the report envisages it is vital that the necessary investment is made available.

Set a target of 20per cent of all housing stock in Ireland to be social housing within a decade and develop programmes to ensure that this target is reached. According to the Social Housing Needs Assessments 2019, published in December 2019, there were 68,693 households on the waiting list for social housing, presenting as a decrease of 4.4 per cent on the previous year. However, the truth is that the housing crisis is worsening as Government continues to look to the private sector for solutions. Recent Government policy has seen a shift away from the construction of social housing to an over-reliance on the private rented sector to provide social housing 'solutions'. This is evident from both the increase and change in nature of the current expenditure on housing in recent years. The Government did not reach its own targets for social housing 'builds' in 2018 or 2019 - targets that were inadequate to begin with. It is now time to set a new social housing target of 20 per cent of all housing stock (in Ireland it is currently 9 per cent) in line with other European countries.

Invest in Housing First and develop a suite of wraparound services for homeless adults and families. *Social Justice Ireland* welcomed the publication of the Housing First National Implementation Plan 2018-2021 in September 2018, however the action to implement it is not keeping pace with the homelessness numbers. The thinking behind Housing First is that immediate permanent housing would be provided to homeless people, followed by the full suite of 'wraparound' housing and health supports. This been used successfully in Finland to almost eradicate homelessness in its entirety. In its policy statement on Family Hubs, IHREC recommended an amendment to section 10 of the Housing Act 1988 to limit the amount of time a family may spend in Family Hubs. A similar regime operates in Scotland and this is something that *Social Justice Ireland* has been advocating for. This would then allow for the expenditure allocated to Family Hubs to be re-directed to support the Housing First programme.

Quality Services

Invest in education, literacy and retraining programmes to address NEETs. Despite making steady progress, Ireland still faces challenges in the area of early school leaving and young people not engaged in employment, education or training (NEETs) in disadvantaged areas. The gap between retention rates in DEIS and non-DEIS schools has halved since 2001, but it still stands at 8.5 per cent. The Government must work to ensure that schools in disadvantaged areas are supported to bring the rate of early school leavers to below Ireland's country-specific target of 8 per cent under the EU2020 Strategy and towards the national rate of 4 per cent.

Invest in ancillary community services to remove barriers to employment. A recent report published by the National Economic and Social Council (NESC), entitled Moving from Welfare to Work, found that there is a diversity of low work intensity households: unemployed people, lone parents, people with an illness or disability and ethnic minorities. Identified within this report were services and supports such as affordable childcare and afterschool care; retention of the medical card for a period post-employment; supports for those on low incomes to access transport and IT services to facilitate moves towards employment; and employment and educational supports. If we want to remove barriers to employment, particularly for long-term unemployed and low work intensity households, we must engage with their lived experiences of the barriers presenting and look to implement structural supports to facilitate engagement.

Properly resource mental health services. The area of mental health is one requiring urgent attention. Mental health is critical to individual well-being, as well as for social and economic participation. The connection between disadvantage and ill health when the social determinants of health (such as housing, income, childcare support, education and so on) are not met is well documented. This is also true in respect of mental health issues. The estimated prevalence of mental health disorders is relatively high in Ireland compared with other European countries yet spending on mental health is relatively low. Recent Budgets have seen increases in mental health spending, however compared to what is required to fully implement *Vision for Change*, it remains insufficient. The COVID-19 crisis has put additional strain on mental health services as people struggle to juggle various responsibilities, job losses, pay cuts, and isolation against the backdrop of a pandemic. Research and development in all areas of mental health are needed to ensure a quality service is delivered. Providing good mental health services is a necessary investment in the future wellbeing of the country. Public awareness-raising should continue, to ensure a clearer understanding of mental illness so that the rights of those with mental illness are recognised.

Create additional respite care and long-stay facilities for older people and people with disabilities. Deficits in infrastructure need to be addressed urgently with an emphasis on replacement and/or refurbishment of facilities. If this is not done, the inappropriate admission of older people and people with disabilities to acute care facilities will continue with consequent negative effects on acute services and unnecessary stress on people and their families. A related issue is the shortage of short-stay community beds intended to enable people to return to their own homes after a period of intervention and support (including step-up, step-down, convalescence, assessment and review, respite, and rehabilitation services). Cuts to supports such as respite, home support hours, and housing adaptation grants during the period of austerity following the previous economic crash have not yet been restored and people living with a disability continue to suffer accordingly. Investment in these areas must be restored and increased to take account of demographic changes in the intervening period.

Fund the CSO to conduct annual surveys to discover the value of all unpaid work across the country. This survey should include the value of community and voluntary work and work in the home, with the results published as soon as they become available.

Minimum Social Floor

Introduce a floor of Basic Income and Basic Services, with the introduction of a Universal State Social Welfare Pension as a first step. As society moves further away from the economy of the mid-20th century (when the foundations of most of the welfare states of the western world were developed), it is increasingly important that the state set minimum floors of income and service access below which none of their citizens should fall. Robust and well-funded public services set the floor which underpin the living standards of most people. Accessible healthcare, high-quality education, a well-regulated housing sector, subsidised public transport, and other important contributions to essential services, are things without which most citizens would have a significantly more difficult existence.

However, even in a situation where most or all of these things are cheap (or even free), individuals will have income needs to allow them to participate in society at a level considered the social norm. This is why Universal Basic Income and Universal Basic Services are complementary policies, essential to ensuring that everyone in society has sufficient income and sufficient access to public services to live life with dignity and experience living standards expected in a first world country. The better the quality (and the better subsidised) the services, the lower the level of basic income necessary. As a first step, the Government should move to a Universal State Social Welfare Pension to support older people to live a life with dignity.

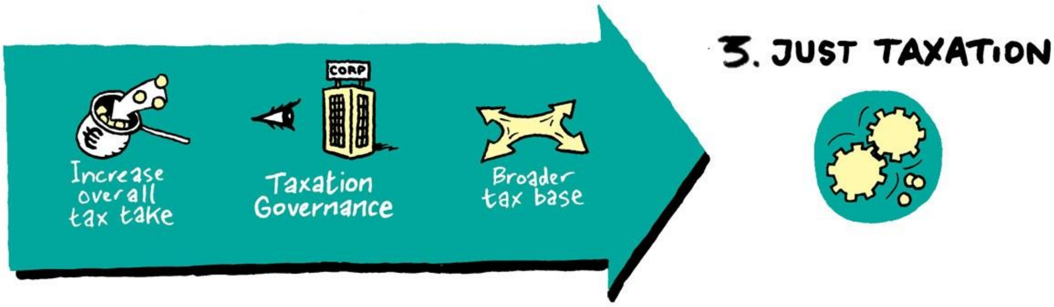
Give greater recognition to the role of carers and work in the home. Government must recognise that the term "work" is not synonymous with the concept of "paid employment". Everybody has a right to work, i.e. to contribute to his or her own development and that of the community and the wider society. This, however, should not be confined to job creation. Work and a job are not the same thing. Caring work and work in the home has lacked the necessary support at Government level, with inadequate respite provision, home care and income supports. This valuable work underpins the whole of society and must be supported appropriately.

Introduce a cost of disability payment. Disability is strongly associated with poverty in Ireland. Among people who are unable to work due to illness or disability more than one in three (35.4 per cent) live on an income below the poverty line. Additional costs associated with living with a disability require a tailored approach to addressing poverty within this group. As a step in the right direction, the Government should introduce a cost of disability allowance to address the poverty and social exclusion of people with a disability.

Index social welfare payments to a Minimum Essential Standard of Living. To unravel the two-tier welfare system that has been temporarily created as a result of the COVID-19 crisis, and to truly deliver a fair and sustainable economy, the Government should develop a programme to index social welfare rates to the Minimum Essential Standard of Living over a five-year term. First, social welfare rates should be benchmarked to 27.5 per cent of Average Weekly Earnings as the first step in a five-year process to bring them to the Minimum Essential Budget Standard.

Ensure medical card coverage for all who are vulnerable. Accessing our complex health system often depends on whether one has a medical card, a GP visit card, private health insurance, private resources to spend on health services, where one lives, and what type of services one is trying to access. It is also those who are poorest, sickest and those with disabilities who find it hardest to pay charges, to negotiate access, and who must wait longer for care. Those who are poor and sick without medical cards fare worst in terms of coverage and access. In 2017, 32.3 per cent of households where at least one person had a medical examination or treatment in the previous 12 months reported that the costs were a financial burden. For households with children, the corresponding rate was higher (35.3 per cent). In the absence of a universal healthcare system, ensuring vulnerable households with medical needs can access the treatment they need must be a priority.

Introduce State-led childcare. Affordable childcare and child-friendly employment arrangements are key requirements for greater labour market participation among young mothers. In September 2019, the Department of Children and Youth Affairs published findings from a survey of almost 4,000 childcare providers revealing that the average fee of full-time childcare provision is now €184 per week. Affordability of childcare is much more an issue in Dublin and its surrounds, and in Cork, than the rest of the country, with the childcare subsidy accounting for just 9 per cent of the cost in the most expensive area. While the cost of childcare may have grown nationally, this hides the geographical disparity where, for example, in Leitrim the average cost of childcare, including the subsidy, is €530 per month or one-third of a full-time minimum wage worker's take-home pay. This increases to 49 per cent of take-home pay in Dublin City Centre. Childcare is yet another area brought into focus by COVID-19, with many working parents struggling to meet work and other commitments in its absence. A high-quality, State-led affordable childcare scheme is required to enable working parents to fully participate.



Increase Overall Tax Take

Commit to increasing the total tax take by between €2.5 to €3bn annually. *Social Justice Ireland* believes that, over the next few years, policy should focus on increasing Ireland's tax-take. Previous benchmarks, set relative to the overall proportion of national income collected in taxation, have become redundant following recent revisions to Ireland's GDP and GNP levels as a result of the tax-minimising operations of a small number of large multinational firms. Consequently, an alternative benchmark is required. We propose a new tax take target, set on a per-capita basis. This approach minimises some of the distortionary effects that have emerged in recent years. Our target is calculated using CSO population data, ESRI population projections, and CSO and Department of Finance data on recent and future nominal overall taxation levels. The target is as follows: *Ireland's overall level of taxation should reach a level equivalent to €15,000 per capita in 2017 terms. This target should increase each year in line with growth in GNI*.* Increasing the overall taxation revenue to meet this new target would represent a small overall increase in taxation levels and one which is unlikely to have any significant negative impact on the economy.

Review the use of tax expenditures to promote investment in areas that support society. We now have an opportunity to learn from past mistakes and take steps to broaden our tax base so that we are better prepared for the task of rebuilding our society and economy and in making the changes needed to build a stronger, more inclusive Ireland. It is only through a strategic and determined effort to reform Ireland's taxation system that this can be achieved. The recent European Commission assessment on broadening the tax base shows we have significant scope for improvement and that there are many policy instruments available to us. The OECD points to tackling inefficient tax expenditures, and a focus on raising revenues from tax bases that will be the least detrimental to growth, including recurrent taxes on immovable property and general consumption taxes as areas for Governments to consider for base broadening.

Reform the High-Income Individuals' Restriction to include all tax expenditures. The suggestion that it is the better-off who principally gain from the provision of tax exemption schemes is reflected in a series of reports published by the Revenue Commissioners entitled *Effective Tax Rates for High Earning Individuals* and *Analysis of High-Income Individuals' Restriction*. These reports provided details of the Revenue's assessment of top earners in Ireland and the rates of effective taxation they incur. While improvements have been made since the publication of these reports, it is important that Government continues to raise the minimum effective income tax rate for high-income individuals so that it is in line with that faced by PAYE earners on equivalent high-income levels. Following Budget 2020 a single individual on an income of €125,000 gross will pay an income tax and USC effective tax rate of 37.2 per cent (down from 39.3 per cent in 2014); a figure which suggests that the minimum threshold for high earners has potential to adjust upwards over the next few years. We also believe that Government should reform the High-Income Individuals' Restriction so that all tax expenditures are included within it. The restriction currently does not apply to all tax breaks individuals avail of, including pension contributions.

Increase carbon taxes in line with IPCC recommendations. Budget 2010 announced the long-overdue introduction of a carbon tax. The tax has been structured along the lines of the proposal from the Commission on Taxation and is linked to the price of carbon credits which was set at an initial rate of €15 per tonne of CO_2 and subsequently increased in Budget 2012 to €20 per tonne. Budget 2013 extended the tax to cover solid fuels on a phased basis from May 2013, with the full tax applying from May 2014. Budget 2020 further increased the tax (to €26 per tonne) and signalled the ambition to bring the tax to €80 a tonne by 2030, as recommended by the 2019 report of cross-party Committee on Climate Action, established following the special report on climate change from the Inter-Governmental

Panel on Climate Change (IPCC). While *Social Justice Ireland* welcomed the introduction of this tax, we regret the lack of accompanying measures to protect those most affected by it, in particular low-income households and rural dwellers. *Social Justice Ireland* believes that as the tax increases the Government should be more specific in defining how it will assist these households. Furthermore, we are concerned that the effectiveness of the tax is being undermined as there is less focus on the original intention of encouraging behavioural change and greater emphasis on raising revenue.

Ensure fair taxation of corporates. Despite a low headline rate (12.5per cent), to date there has been limited data on the effective rate of corporate taxation in Ireland. A report from the C&AG, using the approach used by the Revenue Commissioners to calculate the effective tax rate – tax due as a proportion of taxable income – found an overall effective corporation tax rate of just 9.8 per cent in 2016. The C&AG report further points towards a concentration of corporation tax among a small group of multi-national firms and highlights that it is a small number of these firms who are aggressively minimising their tax liabilities. *Social Justice Ireland* believes that the issue of corporate tax contributions is principally one of fairness. Profitable firms with substantial income should make a contribution to society, rather than pursuing various schemes and methods to avoid making such contributions.

Introduce a <u>minimum</u> effective rate of corporation tax of 6per cent on all corporate profits passing through Ireland. *Social Justice Ireland* believes that an EU-wide agreement on a minimum effective rate of corporation tax should be negotiated and this could evolve from the ongoing discussions around a Common Consolidated Corporate Tax Base (CCCTB). We believe that the minimum rate should be set well below the 2018 EU-28 average headline rate of 21.9 per cent but above the existing low Irish level. A headline rate of 17.5 per cent and a minimum effective rate of 10 per cent seem appropriate. This reform would simultaneously maintain Ireland’s low corporate tax position and provide additional revenues to the exchequer. Based on the C&AG report the impact of such a reform would be confined to a small number of firms yet it is likely to raise overall corporate tax revenues. Rather than introducing this change overnight, agreement may need to be reached at EU level to phase it in over three to five years. Reflecting this, we proposed prior to Budget 2020 that the effective rate be adjusted to a minimum of 6 per cent – an opportunity regrettably missed.

Clarify and enforce the Vacant Site Levy legislation to ensure it achieves its original purpose. Since 1 January 2017, Local Authorities have been required to keep a register of vacant sites; land in their local area that is suitable for residential development but has not yet been developed. Sites on this register are subject to a Vacant Site Levy, at a rate of 3 per cent for 2018 and 7 per cent for 2019, if they had not been removed from the register in the interim. Despite almost 400 sites being registered, only four Local Authorities reportedly received payment in the first year. Other Local Authorities reported difficulties in collecting the levy on the basis of lack of resources or difficulty valuing the site. Ireland has a very centralised Government, both in terms of decision-making and finances. The Vacant Site Levy provides an opportunity for Local Authorities to generate revenue, while encouraging development of sites in their local areas in the midst of a housing shortage. This is particularly timely in the context of a reduction in Local Authority revenue from the freezing of commercial rates due to the COVID-19 emergency.

Broaden the Tax Base

Introduce a Financial Transactions Tax. As the international economic chaos of the past few years has shown, the world is now increasingly linked via millions of legitimate, speculative and opportunistic financial transactions. Similarly, global currency trading has increased sharply throughout recent decades. It is estimated that a very high proportion of all financial transactions traded are speculative and are completely free of taxation. Transactions in these markets represent a mixture of legitimate, speculative and opportunistic financial transactions. Estimates continue to highlight that a very large proportion of these activities are speculative, implying that large and growing amounts of these transactions make no real or worthwhile contribution to economies and societies beyond increasing risk and instability. Taken together, the daily value of international trading in the foreign exchange and interest rate derivatives markets is more than 25 times the annual GDP of Ireland, almost three times that of the UK, and between 40-50per cent of annual GDP in the EU-28 and US. On an annualised basis, Irish based trading in foreign exchange markets is equivalent to 263per cent of GDP while trading in interest rate derivatives is equivalent to 132per cent of the annual value of GDP.

Social Justice Ireland regrets that to date Government has not committed to supporting recent European moves to introduce a Financial Transactions Tax (FTT) or Tobin Tax. The Tobin Tax, first proposed by the Nobel Prize winner James Tobin, is a progressive tax, designed to target only those profiting from speculation. It is levied at a very small rate on all transactions but given the scale of these transactions globally, it has the ability to raise significant funds.

Introduce an aviation fuel tax. The time has come to look at the aviation sector and the policy levers that are available to ensure that it makes a real contribution to our climate targets. No sector can have a free pass, and with all other sectors being required to make their fair contribution the aviation sector should be no different. Jet kerosene is currently not subject to Mineral Oil Tax, yet air travel is a significant polluter. In a first step to address this anomaly, and as part of a comprehensive carbon policy to meet our national targets for 2030 out to 2050, *Social Justice Ireland* proposes the introduction of a Commercial Air Transport Tax. This is in line with the 'Polluter Pays' Principle and the Environment Liability Directive.

Explore new initiatives to promote behavioural change through the tax system. Taxes, such as carbon tax and aviation fuel tax, are intended to promote behavioural change – effectively acting as a disincentive to engage in certain behaviours that are harmful to the environment or society. While their main intention is not to generate revenue, until such time as consumer patterns change they will provide some additional revenue to the Exchequer. The Government must explore new initiatives to promote this behavioural change, ring-fencing revenue raised to support a Just Transition.

Change the Local Property Tax to a Site Value Tax. The Local Property Tax system allows property owners to benefit from infrastructural development and/or environmental factors unconnected to anything they may have done to their site. The fact that rate bands for the purpose of calculating Local Property Tax have not been updated since 2013 is also concerning. Replacing the Local Property Tax system with a Site Value Tax would introduce a more equitable tax system. A Site Value Tax is based on the value of the land, or the site, before anything has been done to it. It disincentivises land hoarding, as the same rate of tax applies to a piece of land irrespective of whether it has been developed. This would lead to more efficient land use within the structure of social, environmental and economic goals embodied in planning and other legislation.

Reintroduce the Windfall Gains Tax at 80per cent. The vast profits made by property speculators on the rezoning of land by local authorities was a particularly undesirable feature of the recent economic boom. Re-zonings are made by elected representatives, supposedly in the interest of society generally. It therefore seems appropriate that a sizeable proportion of the windfall gains they generate should be made available to local authorities and used to address the ongoing housing problems they face. For some time, *Social Justice Ireland* has called for a substantial tax to be imposed on the profits earned from such decisions. A windfall tax level of 80 per cent is appropriate and still leaves speculators and land owners with substantial profits from these rezoning decisions. The revenue generated by this tax could then be ringfenced by Local Authorities to provide additional housing and upgrade existing housing stock.

Close tax loopholes for property investment vehicles. While measures in Budget 2020 to “ensure that an appropriate level of tax is paid on property gains by REITs” were welcome, their introduction came six years after the introduction of the preferential tax treatment of REIT, which was introduced in the Finance Act 2013. All proposed tax structures associated with residential property should be reviewed by the Irish Government Economic and Evaluation Service prior to their introduction and subjected to annual review by the Department of Finance.

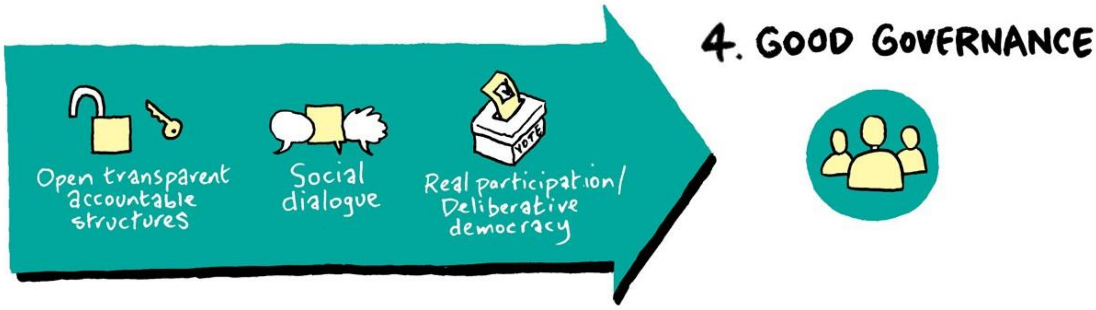
Reintroduce the Non-Principal Private Residence Tax at a rate of €500 per annum. While second homes are liable for the local property tax, as are all homes, *Social Justice Ireland* believes that second homes should be required to make a further annual contribution in respect of the additional benefits these investment properties receive. We believe that Government should re-introduce the Non-Principal Private Residence Tax and that it should be further increased and retained as a separate substantial second homes payment. An annual charge of €500 would seem reasonable and would provide additional revenue to local government of approximately €170m per annum.

Taxation Governance

Provide an Annual Review of Tax Expenditures. There have been multiple reports highlighting and detailing the need for new methods for evaluating and introducing tax reliefs (also known as tax expenditures). The proposals focused on prior evaluation of the costs and benefits of any proposed expenditure, the need to collect detailed information on each expenditure, the introduction of time limits for expenditures, the creation of an annual tax expenditures report as part of the Budget process and the regular scrutiny of this area by an Oireachtas committee. Recently there has been some progress in this direction with a report for the Department of Finance, accompanying Budget 2015, proposing a new process for considering and evaluating tax breaks. Documentation accompanying Budgets 2016-2020 also included an annual tax expenditure report. We welcome this development and believe it is important to further develop this work, to deepen the proposed analysis and to further improve the ability of the Oireachtas to regularly review all of the tax expenditures in the Irish taxation system.

Establish a Taxation Commission with a clear mandate to set out a pathway towards increasing the total tax-take and broadening the tax base. There is merit in developing a tax package which places less emphasis on taxing people and organisations on what they earn by their own useful work and enterprise, or on the value they add or on what they contribute to the common good. Rather, the tax that people and organisations should be required to pay should be based more on the value they subtract by their use of common resources. Whatever changes are made should also be guided by the need to build a fairer taxation system; one which adheres to our already-stated core policy objective. A Taxation Commission with a mandate to develop a pathway to increase Ireland's total tax-take and broaden the tax base should be established to ensure a more equitable system.

Simplify the tax system. The Irish taxation system is unwieldy and difficult to navigate for the average person. Individuals and corporations with the resources to exploit the loopholes inherent in the various pieces of legislation benefit disproportionately. We need a simpler and more transparent system that reduces the possibility for exploitation and facilitates just taxation.



Open, Transparent, Accountable

Introduce impact assessment and poverty proofing on all Government initiatives. Government policy should protect the most vulnerable in society, or at the very least not actively do them harm. Policies focusing on economy to the exclusion of society or the environment have disproportionately disadvantaged poorer households and increased inequality. The programme of austerity introduced after the 2008 financial crash is a perfect example. Prior to implementing new policy initiatives that impact on the income and public services that many low-income households depend on, the Government should conduct an in-depth social impact assessment. This should include the poverty-proofing of all public policy initiatives.

Ensure that Budgetary allocations are valid, realistic and transparent, and take account of existing levels of service. In the past number of years, Budgetary allocations, particularly in the area of Health, have lacked transparency and have failed to account for existing levels of service. This is an issue *Social Justice Ireland* have highlighted in our Analysis and Critique of recent Budgets. The Budgetary process must be transparent and accountable, subject to scrutiny and debate by stakeholders.

Legislate for enforcement mechanisms where Local Authorities do not use their full allocation for Traveller Specific Accommodation. An area worth highlighting is the lack of accountability of Local Authorities who do not draw down their allocation for Traveller Specific Accommodation. Over-crowding, lack of appropriate accommodation and lack of facilities is putting Traveller families at risk, particularly in the context of COVID-19 directives to social distance and wash our hands regularly. As of November 2019, just €4 million of the

€13 million allocation for Traveller Specific Accommodation had been drawn down with 14 Local Authorities making no draw down at all. The use, or lack of use, by Local Authorities of this allocation must be reviewed, with sanctions imposed on Local Authorities who do not use all instruments at their disposal to protect our most vulnerable.

Adopt and implement a national financial literacy strategy. With financial services becoming increasingly digitised and a move towards online and automated telephone banking, cash has become an outdated method of payment. Many essential services now require consumers to set up direct debits, or offer discounted rates to those who do, amounting to a 'poverty tax' for the financially excluded, paying premium rates and surcharges for use of other payment mechanisms for essential utilities. Financial exclusion is not just about access to bank accounts, but access to reasonable, affordable credit that takes account of the financial position of the consumer while being cognisant of the need for people on low incomes to meet contingency expenditures without resorting to high cost credit, 'pay day loans' or illegal moneylenders. Lack of internet access, social isolation, old age and disability (due to access issues) are factors particularly associated with financial exclusion. *Social Justice Ireland* welcomed the inclusion of financial literacy in the Roadmap for Social Inclusion 2020-2025. The Government should track levels of financial exclusion, and build and monitor policies and practices aimed at eliminating it in its entirety by 2025.

Ensure adequate funding for civil legal aid. Access to justice is a basic human right. However, in order to achieve equality of access, there can be no imbalance of power. In a legal context, the balance of power almost always rests with those who can afford counsel. Redressing this balance requires the availability of free and low-cost legal services to those who need the advice of a qualified solicitor or barrister but who cannot afford the costs associated with it. Cuts in both staffing levels and funding for the Legal Aid Board and the decision to raise costs for legal services has had the inevitable effect of both deterring and denying access to justice. Budget 2020 increased the allocation to Criminal Legal Aid by €4 million to €65.3 million, while Civil Legal Aid increased by just €1 million for the continuation of the

Abhaile scheme. This is insufficient to allow the Legal Aid Board to deal with its caseload or undertake the necessary review of the eligibility criteria.

Greater transparency of lobbying activities. The Register of Lobbying was introduced in 2015 to increase transparency and accountability, making information available to the public on the identity of those lobbying designated public officials and the nature of those lobbying activities. While this increased transparency is to be welcomed the question of what, if any, effect it is having on a cultural shift from vested to public interest remains. Greater attention must be drawn to the information available on the Lobbying Register. The inclusion in the Commission in Regulating Lobbying's Annual Reports of policy areas with the greatest lobbying activity, the lobbying organisations and the designated public officials engaged, would aid this transparency and highlight to the general public those influencing the political decision-making process.

Social Dialogue

National Economic and Social Dialogue / Partnership to include all five pillars. There are a range of key issues that go beyond the economy. These include infrastructure (e.g. social housing, public transport, rural broadband); services (e.g. healthcare, education, caring); climate change and sustainability generally; just taxation; and good governance. These are all issues that impact on the economy and are impacted on by the economy. Ireland needs an approach that addresses these issues simultaneously, not one that gives priority to the economy and hopes the benefits will trickle down, which they never do. The Government must therefore adopt an integrated and inclusive approach to decision-making in the interest of all sectors of society.

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

Broaden discussion beyond pay and taxation. At the core of the new model of Social Dialogue is not the drive towards cost competitiveness (although this is incorporated through the wage bargaining process and productivity improvements) but a broad-based enhancement of capabilities in the economy and society. These do not emerge spontaneously, however, and the role of civil society – where the community and voluntary sector are particularly important in Ireland – is critical here. A credible Social Dialogue process must include the community and voluntary sector and the environmental sector as well as the trade unions, employers and farmers.

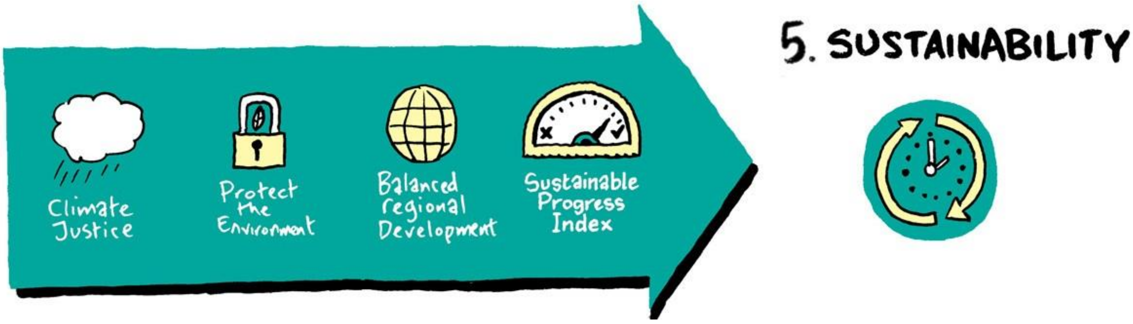
Ensure an integrated approach to discussing issues. Social Dialogue in various forms remains common across Europe's most successful economies and can play a key role in building a fair and sustainable future here in Ireland. But this dialogue must involve all aspects of the Social Contract. Focusing on one area, for example the economy, to the exclusion of all others increases inequality. The design and implementation of our recovery after the COVID-19 crisis will reshape our society and economy for future generations. It is important that we get these decisions right. Ireland's economic growth has been spread very unevenly; we must ensure that this trend does not continue. In the absence of some kind of national Social Dialogue, the strongest can fight their corner in the open market or the political realm while the weakest will be left behind. In such a scenario inequality, already at unacceptable levels, will continue to grow and the integrated development that is required will not be achieved.

Real Participation / Deliberative Democracy

Establish a Dialogue Forum in every Local Authority involving Local Authorities and the Public Participation Networks (PPNs). Public Participation Networks provide an opportunity for real engagement between local people and the local authorities across the country on issues that are vital to the future of their communities. This engagement is critical as Ireland strives to implement the Sustainable Development Goals and well-being at a local and regional level. *Social Justice Ireland* recommends that a dialogue forum be established involving the PPN and the Local Authority in each area to discuss the Statement on Wellbeing that the PPNs are developing for their local areas. This Forum should become an essential part of the ongoing Local Economic and Community Plans processes and of the annual Local Authority Budget process.

Fully implement recommendations of the Commission for the Elimination of Racial Discrimination within a reasonable timeframe. In 2019, Ireland appeared before the United Nations Committee on the Elimination of Racial Discrimination (UNCERD). In its combined 5th to 9th Report, the Government cited the policies implemented since the previous UNCERD report including the establishment of the Irish Human Rights and Equality Commission (IHREC) in 2014; the statement on Traveller ethnicity in 2017; the establishment of the National Traveller and Roma Inclusion Strategy to demonstrate how Ireland is engaging with the problem of racial discrimination. However, two shadow reports, one from the Irish Network Against Racism (INAR) and the other from IHREC provided a very different view to the Committee of the lived experience of people facing discrimination. In its Conclusions, the UNCERD acknowledged the steps taken by Ireland since the previous review in 2011, however it also contained a series of 22 specific Concerns and Recommendations across a broad range of areas. Recent events internationally have demonstrated how destructive discrimination can be. The Government must be capable of tackling these issues head-on and fully implementing each of the 22 UNCERD recommendations.

Introduce an ex-ante social impact assessment of all policy proposals to be discussed at Oireachtas Committees. Similar to the recommendation in respect of poverty-proofing Government initiatives generally, the Government must develop and implement an ex-ante social impact assessment of policy proposals to be discussed at Oireachtas Committees.



Climate Justice

Ensure that all people are treated fairly in the creation of policies and projects that address climate change as well as in the systems that create climate change. Social dialogue on climate action and sustainability, at local and national level, must be undertaken to ensure that the voices of all affected by climate change, and the policies proposed to address it, are heard and integrated into projects and systems. At a global level, Ireland must continue to increase its proportion of ODA and move towards the UN target to support developing countries who suffer the most as a result of climate change.

Ensure that sustainable agriculture policy, sustainable land management, and short supply chains for farmers and consumers form the basis of future agricultural policy. Support for sustainable agricultural practice is important to ensure the long-term viability of the sector and consideration must also be given to how the projected increase in agricultural emissions can be offset. It is important that the agriculture sector be at the forefront of developing and implementing sustainable farming practices and be innovative in reducing emissions. With regard to our national and international climate commitments it must be asked what agricultural policy will be best-placed to ensure Ireland meets its national and international targets: Is it a policy of agricultural expansion and increased emissions to reach additional markets or is it a policy of ensuring Ireland produces the food required to meet our population needs, where Irish farmers are supported in pursuing short supply chains, and ensuring quality Irish agricultural products get a fair price in Irish supermarkets? Irish agricultural policy should also support our ODA policy and not undermine the agricultural sector in the developing world in providing the food required to meet their own population needs and getting a fair price for their own produce.

Develop a comprehensive mitigation and transition programme to support communities and people in the transition to a low carbon society. A comprehensive mitigation and transition strategy is required to ensure there is public support for our domestic and international environmental and sustainable development goals. This strategy must pre-empt some of the challenges we face as we move to a more sustainable form of development. The development of a national mitigation and transition strategy is a matter of priority if there is to be public support for the significant and fundamental changes required in the years ahead.

Protect the Environment

Invest in integrated, accessible, sustainable and environmentally friendly public transport networks. Transport emissions have increased in recent years in line with economic growth, and any improvements made during the recessions have been undone. Significant investment is needed to develop a public transport network powered by electricity and renewable energy. To encourage electric car-use, the national charging infrastructure must be upgraded and the tax on electric vehicles should be reduced to make them a more affordable option. The initial investment in public transport will be substantial if it is to have the necessary effect, but the long-term social, environmental and economic benefits of such a change would greatly outweigh the cost. It is vital that the upgrade to the public transport network has a strong focus on connectivity to ensure that people travelling from rural or regional areas to urban centres are encouraged to do so by public transport. Government policy must also examine how to discourage private car use, particularly in urban areas, in conjunction with the provision of accessible and quality public transport and an improved cycling network all forming part of a transition to a low-carbon transport system.

Invest in hard infrastructure for cycle lanes. The bicycle sharing scheme in Dublin saw 3.85 million journeys undertaken in 2018, a decline from 4.1 million the previous year. This continued a downward trend since 2016. Similar schemes in Cork, Galway and Limerick reported journey numbers of 271,581, 39,005, and 27,772 respectively. When we compare data since 2015, the first year in which all four bicycle schemes were operational, we see a decline in journey numbers, year on year, since 2016 in Dublin, Cork and Limerick. Galway is the notable exception, showing an increase in numbers, year on year, in this period. The bicycle sharing scheme is an excellent initiative and supports environmentally sustainable commuting in urban centres. However, without hard infrastructure like cycle lanes, our continued reliance on private cars for urban commutes makes city-cycling hazardous.

Develop passive housing construction processes to ensure environmental sustainability in housing. Passive housing construction is a mechanism for reducing emissions and making housing energy efficient. The announcement in Budget 2020 of an allocation to begin retrofitting Local Authority housing in the Midlands was welcome, however we must also ensure that new housing meets the highest possible standards of sustainability and environmental protection. There are other benefits to passive construction also – homes are easier to heat and heating costs are lower, supporting those on lower incomes and reducing the need for reliance on fuel subsidies and reliefs from the Exchequer.

Review building regulations to ensure good ventilation, heating and fire safety standards across all building. Building sustainable housing is also about building liveable communities. Reductions in building standards for the buy-to-let market – small units, lack of cross-ventilation, no balconies – have been exposed by the current pandemic as the health hazards they are. Building standards must be refocused to have public health and sustainable living at the core of housing development, rather than profit.

Adopt targets and a reporting system for each of the Sustainable Development Goals. Ireland has signed up to achieve the Sustainable Development Goals (SDGs) by 2030 and is committed to legally binding climate-based goals in 2020 and 2030 and a national commitment to be carbon neutral by 2050. Ensuring development is sustainable socially, economically and environmentally will be key to achieving these targets. To achieve this sustainable development in the years ahead, Ireland must adopt targets for each of the SDGs, develop a roadmap to meeting these targets and implement reviews of these targets and the steps taken to achieve them.

Set ambitious emissions reduction targets for 2030 and ensure sufficient resources to support implementation of these targets. Ireland must make firm commitments to reduce total emissions outputs from agriculture, transport and energy. We state our ambition to meet our EU targets for 2030 and to be well-placed to meet our mid-century decarbonisation objectives in the Climate Action Plan. Unfortunately accompanying sectoral commitments and emissions reductions targets were not published with the action plan. In light of the need for reductions of over 7 per cent per annum, and given how far Ireland is from its Europe 2020 target, it is clear that strong emissions reduction commitments and actions are required immediately. The European Green Deal and its commitment to increase ambition for 2030 to 50 or 55 per cent reductions on greenhouse gas will be very difficult to achieve if we do not act now. These commitments must be underpinned by ambitious and substantive policies requiring sufficient resourcing and an all-of-Government approach to ensure that we meet our environmental targets.

Balanced Regional Development

Ensure that investment is balanced between the regions, with due regard to sub-regional areas. The main driver of Ireland's rural economy has moved from being primarily agricultural to a more diverse base involving services, manufacturing, tourism and other industries. Further development requires support for the provision of public services, investment in micro businesses and small or medium enterprises, innovation, and the sustainable use of natural resources and natural capital in REDZ (Rural Economic Development Zones). REDZ recognise that rural economies are functionally designed around towns and villages of various sizes whose hinterland may cross administrative boundaries. New funding for REDZ is welcome. However *Social Justice Ireland* is of the view that resources available need to be increased and that success requires a community partnership, rather than a Local Authority led model, to be successful. Initiatives such as SMART villages, as promoted by the European Network for Rural Development, should also be actively considered.

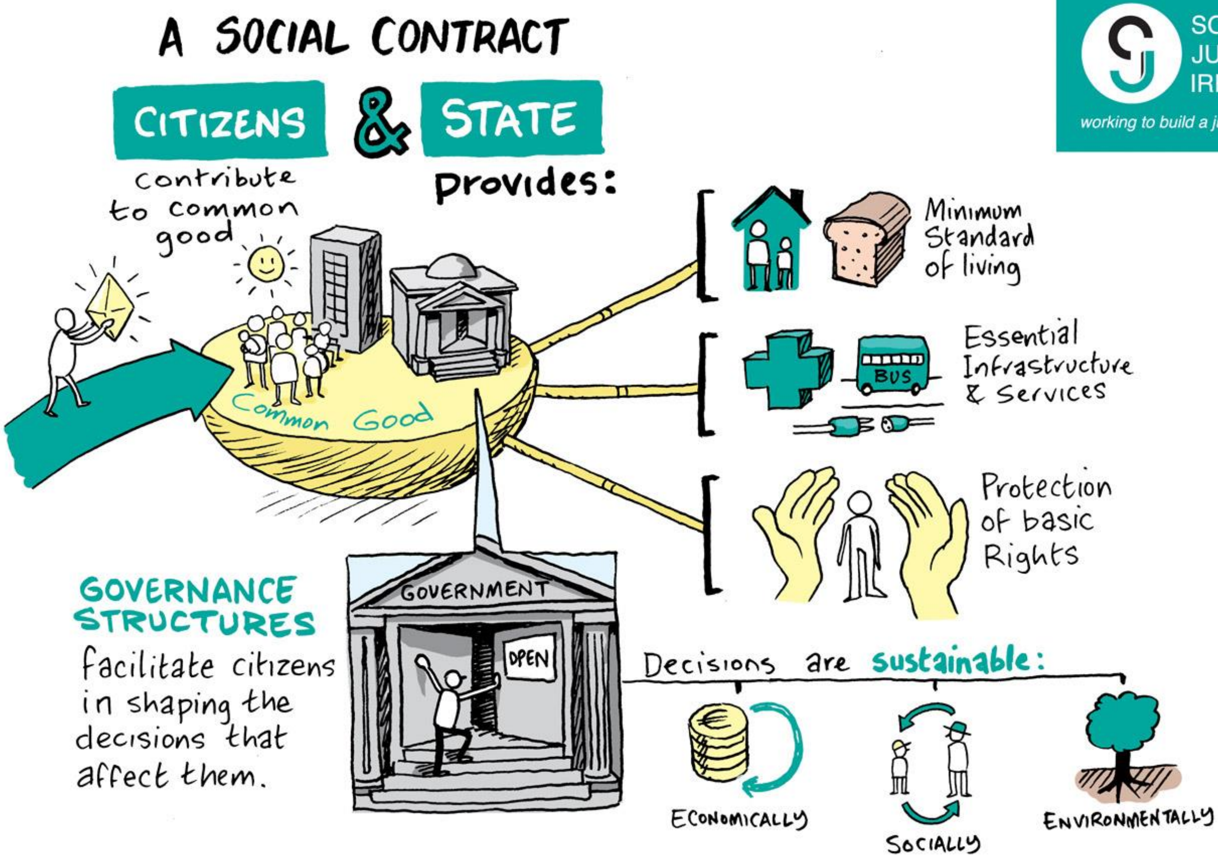
Ensure rural development policy is underpinned by social, economic and environmental wellbeing and develop an Integrated Rural Development Policy Structure. The Commission for the Economic Development of Rural Areas has adopted a holistic definition of rural areas as those areas being outside the main metropolitan areas and recognises the relational nature of economic and social development and the interconnections between urban and rural areas. This is the most appropriate starting point for rural development policy in Ireland today. Low density rural economies are fundamentally different to urban economies and as such require different polices to meet a different set of challenges and opportunities. Rural areas and small villages are connected and networked to the local regions and these local regional economies are dependent on interaction with the rural areas they connect with for sustainability. Given this interconnection it is important that rural and regional development is integrated to support sustainable local economies and to ensure that local services are utilised most effectively to address the specific needs of a particular region and the rural communities within it. Rural development that is appropriate for the challenges faced requires a step-change in how we develop policy in Ireland. Rural development policy should be place-based, reflect the strengths, assets and challenges of the region, and have multi-stakeholder input.

Establish a Just Transition and Adaptation Dialogue to ensure rural areas are not disproportionately impacted by low carbon policies and are supported to meet the challenges posed by the future of work. Government has a key role to encourage and stimulate projects which have the capacity to address core issues including rural poverty and a just transition to a low carbon future in rural areas. A robust social dialogue process provides a structure where current and future challenges can be addressed in a positive manner, acknowledging the task ahead, where reasoned and evidence-based debate forms the basis for decision-making, and where all stakeholders are included in the decision-making process. This dialogue should be built into any Just Transition framework with the appropriate mechanisms, supports and investment at all levels.

Implement the Sustainable, Inclusive and Empowered Communities Strategy. Community and Voluntary organisations have a long history of providing services and infrastructure at local and national level. They are engaged in most, if not all, areas of Irish society. They provide huge resources in energy, personnel, finance and commitment that, were it to be sourced on the open market, would come at considerable cost to the State. In August 2019, the Department of Rural and Community Development published *Sustainable, Inclusive and Empowered Communities: A Five-Year Strategy to Support the Community and Voluntary Sector in Ireland 2019-2024.* This Strategy sets out the vision for community and voluntary sector development over the next five years. It contains a series of 11 policy objectives across all stakeholders, from Public Participation Networks to civil society organisations to local and national Governments. The implementation of the Strategy must be resourced in a way that recognises the important role of the Community and Voluntary Sector, the local role of the PPNs, and the challenges of community development, and seeks to generate real partnerships between communities and agencies.

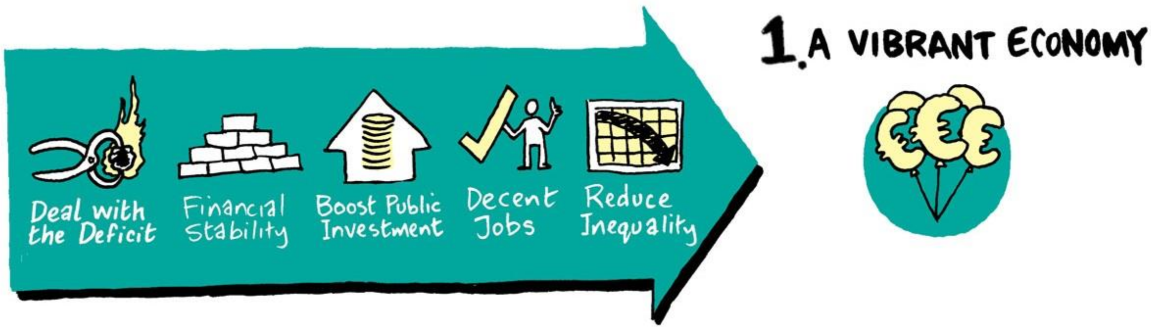
Sustainable Development Index

Develop a new National Index of Progress, ensuring social and environmental issues are incorporated into our national accounts. Ireland needs to improve its data collection methods when it comes to biodiversity and to monitor the impact of climate change in this context to protect both our natural resources and our economy. Our natural capital and ecosystems should also be assigned value in our national accounting systems. It is clear we need to move beyond simply measuring GPD, GNI and GNI*. New indicators should also measure the value of unpaid work to the economy and society. Wellbeing indicators such as health (physical and mental), social and community development, participation, democracy and good governance, culture and values, as well as (of course) social and environmental sustainability should also be included in a new National Index of Progress. It is important to move beyond a purely financial approach and ensure other key indicators of wellbeing are given the priority they deserve by policymakers. This could be a key initiative to support the development of more robust economic, social and environmental policies. *Social Justice Ireland's* Sustainable Progress Index, based on the Sustainable Development Goals, could be used to inform this process. The metrics referred to in the Sustainable Progress Index, which are widely available and used internationally, could be a baseline for a more cohesive set of national accounts. Government should also implement in full the commitment in the SDG Implementation Plan to identify areas of departmental expenditure which support specific SDGs and expand this to badging all policy decisions with the relevant goal or goals.



Policy Discussions on a New Social Contract, post COVID-19

Prior to the current crisis, *Social Justice Ireland* called on successive Governments to rethink the concept of the Social Contract and to move away from a pure economic focus to an approach that integrates economic, social and environmental strategies. However, COVID-19 has shifted society's perception of what is valuable and important and brought into stark relief how urgent the need is for this new Social Contract. What follows in this section is a series of policy discussions and articles on aspects of the new Social Contract that have been highlighted by the COVID-19 pandemic.



Dealing with the Deficit

There is widespread agreement in the social science community that the strategy followed by the Eurozone and the EU after the last financial crisis a decade ago was fundamentally wrong. Austerity measures were introduced, and decisions were made for political rather than economic and social reasons (all of which was clearly argued at the time by *Social Justice Ireland*).

The emphasis on reducing budget deficits and public debt through tax increases and spending cuts led to inadequate investment and much higher unemployment levels than were necessary. It is critically important that Ireland and the EU do not repeat these mistakes once again.

Before COVID-19, Ireland was facing many challenges which have not gone away. While the economy grew dramatically in recent years and the country now has one of the highest GDPs per capita globally, those challenges remain and must be confronted in a post-COVID world – climate change; poverty and inequality; inadequate infrastructure and services; changes in the world of work; the lack of real participation in decision-making; and, an underlying development model that is neither sensible nor sustainable.

There is a real danger that, faced with such a range of challenges, we will revert to the failed approach of focusing on one or two issues and hoping that resolving these will have a knock-on impact that magically resolves the others.

We have repeatedly seen the effects of this approach over several decades. For a time, we mistakenly believed that economic growth alone would provide an effective and efficient solution to all the problems afflicting Irish society. This narrative suggested that economic growth should be prioritised over all other policy issues and that the increase in economic output generated would ‘trickle down’ to produce a fair and just society in which everyone benefits and does well. Economic growth was seen as the solution to poverty and to all other social ills as well.

What this approach failed to understand was that a thriving economy requires not just economic development but decent services and infrastructure, just taxation, good governance and sustainability. These are not luxuries or consequences that follow from a thriving economy; they are essential to having a thriving economy and, consequently, must be delivered simultaneously.

The biggest threat to recovery is Government cutting back on public expenditure. In the difficult economic period that is ahead, it is essential that priority be given to an integrated approach prioritising investment in services and infrastructure to support development of the economy, human wellbeing and environmental protection.

Ireland needs to dramatically increase investment in the years immediately ahead. While much of this investment should be focused on once-off capital expenditure, there is also scope to invest in ongoing service development which would lead to reform, improve performance, and move various sectors of society towards a more sustainable future. One such area is healthcare. The current focus is very much on acute hospitals. However, healthcare services will never be sustainable unless they are rooted in primary and community care. Consequently, additional investment in delivering the Community Healthcare Networks should be part of Government investment immediately.

To achieve the level of investment required, a far more radical approach is required than what is currently proposed by the EU for Ireland (somewhere between €2-4bn). This is far less than what is required. A four-pronged approach is necessary:

1. Ring-fence the COVID costs incurred in 2020 and 2021. Finance these with a very long-term low-interest loan (30 to 50 years) provided by the EU and the European Central Bank.
2. Move Ireland’s total tax-take towards the EU average by broadening the tax base in a fair and just manner.

3. Make savings on expenditure, but not through cuts in services or infrastructure investment.
4. Adjust the EU's fiscal rules to cope with the post-COVID reality.

Learning the Lessons of the Past

Ireland and much of the rest of the world is facing into a major economic recession, perhaps even a depression, as a result of the coronavirus pandemic and resulting lockdown. Stringent but essential measures being implemented are putting the brakes on normal economic activity in all but a few industries.

It also appears that the economic disruption will be much worse than originally feared. According to *The Economist* newspaper, data for the first two months of the year show that industrial output in China, originally forecast to fall by 3 per cent year-on-year, was down by 13.5 per cent. Retail sales, projected to fall by 4 per cent, were down 20 per cent. Fixed-asset investment, which measures the spending on capital infrastructure, declined by 24 per cent, six times more than predicted. That has sent economic forecasters the world over scurrying to revise down their predictions.

The circumstances and causes of this recession are very different from those that caused the recession in 2008/2009, but there are still lessons that can and should be learned. One of those lessons relates to government's fiscal response. Faced with a recession that will exceed any in living memory, government must act on a scale that exceeds anything implemented during the financial crisis of a decade ago.

One of the biggest differences between 2020 and 2008/2009 is that the Irish Government can borrow money at a very low cost. At the time the last crisis hit, yields on 10 Year Irish Treasury Bonds were consistently around the 5 per cent mark. That is far more expensive than the present day. Current yields are less than 1 per cent, and have been so for several years. There has even been talk of the possibility of borrowing at negative rates. The availability of this low-cost credit gives government greater room for manoeuvre and should help Ireland avoid a repeat of many of the kind of austerity-type measures implemented in response to the economic downturn a little more than a decade ago.

The role of government spending

Demand in the Irish economy is driven by four factors. The first three are:

- domestic consumption (what people in Ireland are buying)
- investment, and
- exports (driven by the demand abroad for goods produced in Ireland)

When there are significant fluctuations in any or all of these three, the fourth factor – government spending – can and should be used to 'smooth things out'.

By now, we are all familiar with the concept of 'flattening the curve'; the euphemism used to describe tactics for tackling the current pandemic, smoothing out the peak of Covid-19 infections as much as possible so as to spread the pain over a longer timeframe and not overwhelm our health system.

While the impending recession is the result of a supply-side shock rather than a crisis of demand, the Irish economy requires a significant injection of government spending to ensure something similar to this 'flattening' from an economic standpoint: ensuring that the economic trough is as shallow as possible, and that firms and businesses that would be viable under normal circumstances can continue to exist until such a time as the economy is back on its feet.

Such an approach was not taken a decade ago, and the result was an unnecessarily prolonged recession that led to greater suffering for ordinary Irish people who did nothing to cause it.

Lessons from Ireland's collapse in construction

While an economy-wide approach is required in 2020, a look at the Irish building industry a decade ago can be an instructive example as to why government intervention is required.

It is well known that construction was the economic sector that suffered most in Ireland during the last recession. Employment in the sector fell from 204,700 in Q2 2008 to 80,300 in Q1 2013.

(In Q2 2007, 240,000 people had been employed in the sector – the all-time peak). As has been well documented, this downturn resulted in large-scale emigration of people formerly employed in construction, and a return to education and re-skilling in non-construction roles for thousands of others.

The effects of these developments are still being felt today, as the Irish construction industry struggles to achieve a capacity capable of meeting pent-up demand for homes and other projects. Various estimates suggest demand in the region of 30,000 homes per year, while data collated by the CSO indicate that the number of new dwelling constructions reached 20,000 in 2019 for the first time since data-collection began in 2012.

Had the Government of the time, unobstructed by borrowing costs or restrictions like the Stability & Growth Pact, been able to borrow money to support the construction sector and build social housing on the scale needed, we could be in a very different position today regarding our housing needs.

Despite house-building in Ireland taking place at an unprecedented rate before the crash, there were a reported 56,249 households with a social housing need in Ireland in 2008, an increase from 43,684 in 2005 when the previous housing lists were collated. As of June 2019, a reported 68,693 households were on social housing waiting lists. Add to that the number of households in receipt of the Housing Assistance Payment (HAP) who are not included on the social housing waiting lists and there is approximately a 100 per cent increase in households in need of a sustainable home since the crash.

Had the Government in 2008/2009 borrowed billions of euros and availed of the significant slack in the Irish labour market, particularly in the construction sector, to build social housing, instead of allowing the construction industry to collapse over the four years to Q1 2013, this would have had several positive effects, including:

- It would have helped the Irish construction sector to maintain some of its capacity to 'ride out' the fall in demand in the private sector until such a time as the economy had recovered. Among other things, this would mean that the sector would not now be struggling to achieve the capacity needed to satisfy current demand.

- It would have saved tens of thousands of jobs at a time when the Irish labour market was seriously struggling.
- It would have negated the need for emigration, particularly of construction workers, on the scale witnessed at the time. This resulted in the loss of a valuable skill-base across the economy, but particularly in construction.
- This investment, effectively a counter-cyclical cash injection into the economy at a time when it could not have been more needed, would have helped to somewhat smooth out aggregate demand in the economy, helping to maintain employment in other sectors as well.
- The current social housing waiting list of almost 70,000 households would be far shorter.
- The Exchequer would be spending far less money on payments like HAP to provide social housing solutions.
- All these effects would have combined to significantly improve the lived experiences of hundreds of thousands of Irish people compared to their actual experience during those years of austerity.

Unfortunately, the Irish Government and their creditors resorted to austerity measures, the results of which are visible today in Ireland's accommodation crisis among other examples.

The response needed now

As noted above, the economic crisis caused by the coronavirus pandemic is different to that faced a decade ago. While the immediate cause is supply, not demand, there are still lessons to be learned.

While we cannot be certain about when the pandemic might end and society might return to something resembling normality, we can be relatively sure that the immediate cause of the downturn will subside in a matter of months, rather than years. It is important that when this happens, firms, producers and employees are, to the greatest extent possible, in a position to return to what they were doing pre-pandemic.

Emigration is no longer the economic safety-valve is was 10 years ago: Virtually every country in the world is in the same position.

The Irish government is to be commended for the actions taken thus far in the crisis, acting quickly and decisively to ensure supports are in place for workers and firms in the immediate term. But more – much more – will be required

Only governments, at a national and supranational level (i.e. the European Union and international institutions) are in a position to prop up the economy and to provide the finances necessary in the timeframe required.

As noted by the OECD, the most urgent priority is to minimise the loss of life and negative health effects. But the pandemic has also set in motion a major economic crisis that will burden our societies for years to come. Some of the initial responses have been commendable. But only a combined, coordinated international effort will meet the challenge.

Only with immediate, large-scale and co-ordinated actions will the economy be ready for a quick and vigorous restart. The aim should be to ensure that in time, otherwise-viable firms have not been allowed to go out of existence as a result of a temporary downturn in demand, or because they were restricted from supplying their products or services due to social distancing or other pandemic-related requirements.

In short, only governments are in a position to ensure that what is currently a short-term supply crisis does not become a long-term demand crisis.

Decent Jobs

A large number of jobs in Ireland are likely to be lost due to the COVID-19 pandemic. The worst affected sectors are retail and hospitality, sectors with the highest instances of low-pay and precarity. Short-term income supports are welcome as we get through this crisis, however long-term measures are required to sustain these sectors.

The number of people employed in Ireland prior to the current crisis was higher than it ever has been. However, because of the population increase, since 2007 the proportion of the labour force who were at work – the employment rate – has fallen by almost three percentage points. Considerably more jobs were created as part-time positions (+56,700 since 2007) than full-time (+18,000). Within those part-time employed it is worth focusing on those who are underemployed, that is working part-time but at less hours than they are willing to work. By the end of 2019 108,400 people, 4.4 per cent of the total labour force and over one-fifth of all part-time employees[1].

These figures suggest the emergence of a greater number of workers in precarious employment situations. While there is no agreed definition of precarious work, it generally covers unpredictable work patterns and ill-defined hours coupled with instances of in-work poverty. As of Q4 2019, 116,700 workers were on variable hours contracts, which includes persons for whom no usual hours of work are available[2]. A recent report from the Nevin Economic Research Institute (NERI) found that a "substantial proportion" of recent employment growth came from sectors with "above-average risk of precariousness" (42per cent)[3]. The authors of the report also found that the share of temporary workers on part-time contracts had increased; the proportion of those reporting inability to find a permanent job was three times the pre-crash rate and the proportion of temporary employees on contracts of less than a year had increased by over 50 per cent in the past decade.

The growth in the number of individuals with less work hours than ideal, as well as those with persistent uncertainties concerning the number and times of hours required for work, is a major labour market challenge. Aside from the impact this has on the well-being of individuals and their families, it also

[1] https://www.cso.ie/en/releasesandpublications/er/lfs/labourforcesurveylfsquarter42019/

[2] Central Statistics Office, Labour Force Survey (LFS) Time Series, Table S1

[3] https://www.nerinstitute.net/sites/default/files/research/2019/precarious_work_in_the_republic_of_ireland_july_19_final.pdf

impacts on their financial situation and adds to the challenges faced by the working-poor. There are also impacts on the state, given that the Working Family Payment (formerly known as Family Income Supplement (FIS)) and the structure of jobseeker payments tend to lead to Government subsidising these families' incomes, and indirectly subsidising some employers who create persistent precarious employment patterns for their workers.

Once we get through the current crisis, the Government must adopt substantial measures to address and eliminate these problems, including the development and adoption of a Living Wage.

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.

Need to Recognise All Work

A major question raised by the current crisis concerns assumptions underpinning culture and policymaking in the area of work. The priority given to paid employment over other forms of work, and to higher-paid employment over lower-paid service work, are just some such assumptions. 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.

Community and Voluntary organisations have a long history of providing services and infrastructure at local and national level. They are engaged in most, if not all, areas of Irish society. They provide huge resources in energy, personnel, finance and commitment that, were it to be sourced on the open market, would come at considerable cost to the State. They have developed flexible approaches and collaborative practices that are responsive and effective in meeting the needs of diverse target groups, particularly at a time of crisis.

The need to recognise voluntary work has been acknowledged in the Government White Paper, Supporting Voluntary

Activity[4]. This report was prepared to mark the UN International Year of the Volunteer 2001 by Government and representatives of numerous voluntary organisations in Ireland. The report made a series of recommendations to assist in the future development and recognition of voluntary activity throughout Ireland. The draft Volunteering Strategy 2020-2025[5], currently under review with the Department of Rural and Community Development, also acknowledges this.

There are an estimated 189,000 employees in registered charitable organisations in Ireland. Over half of all registered charities have between one and 20 volunteers, with three per cent having 250 or more. It is estimated that the value of this volunteering work, using the minimum wage, is €648.8 million per year (this increases to €1.5 billion when using the average income)[6]. It is important to note, however, that this report is based on those charities that are required to register with the Charities Regulator, which accounts for approximately 300,536 volunteers. CSO data puts the number of volunteers at nearer to one million, when sporting, human rights, religious and political organisations are included[7].

This work has proven to be invaluable in the context of the current pandemic. Community and Voluntary organisations, carers and informal voluntary networks have come together to support the most vulnerable in society. *Social Justice Ireland* believes that government should recognise, in a more formal way, all forms of work. We believe that everyone has a right to work, to contribute to his or her own development and that of the community and wider society. We also believe that policymaking in this area should not be exclusively focused on job creation. Policy should recognise that work and a job are not always the same thing and should be compensated accordingly.

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[4] https://www.gov.ie/en/publication/eb9f99-white-paper-supporting-voluntary-activity-2000/

[5] https://www.gov.ie/pdf/?file=https://assets.gov.ie/44992/9bb2e75e55e145119720f21c18731251.pdf#page=1

[6] https://www.charitiesregulator.ie/media/1564/indecon-social-and-economic-impact-report-2018.pdf

[7] https://www.cso.ie/en/releasesandpublications/er/q-vwb/qnhsvolunteeringandwellbeingq32013/

Tackling Low Pay

Figures for Q4 2019[8] show that 122,800 Irish workers earn the minimum wage or less, far below what is required for a socially acceptable standard of living in Ireland.

While acknowledging that the current employment situation in Ireland bears no resemblance to that of the end of 2019 when this survey was carried out, it is still worth noting that during what constitutes 'normality' in the Irish economy, more than 120,000 were earning the bare minimum that employers scan get away with paying. We also know that around 110,000 people in Ireland live in poverty despite having a job.

While *Social Justice Ireland* welcomes the fall in the proportion of employees earning the minimum wage or lower, it still should be noted that despite very welcome increases in the National Minimum Wage in the last few years, it remains about 18 per cent below the Living Wage. Also worth noting is that while the CSO currently estimates that around 120,000 employees are earning the minimum wage or less, previous studies suggest that up to twice as many people again may be earning more than the minimum wage but less than the living wage.

The Living Wage is defined as the hourly rate a single adult working 39 hours a week must earn in order to achieve a socially acceptable standard of living in Ireland. In July 2019, it was calculated as being €12.30 per hour. The current National Minimum Wage is €10.10 per hour. Ireland has a significant issue with low pay, with a far greater prevalence of low paid employment than most of our European peers.

The issue of low-pay is likely to be even more important after Covid-19 as many of the sectors that will likely be slowest to restart (retail, hospitality, etc) are also the sectors with the highest proportions of employees on low-pay. People are more likely to earn the National Minimum Wage if they are younger, female, working part-time, have low levels of education, or work in sectors of the economy that are well known to have a

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8 https://www.cso.ie/en/releasesandpublications/er/lfsnmw/lfsnationalminimumwageestimatesq42019/

high concentration of employees in low pay, e.g. retail, and the accommodation and food sector.

Social Justice Ireland welcomed the commitment to progress to a Living Wage over the lifetime of the Government in the *Our Shared Future* (the draft Programme for Government), but is concerned at the simultaneous commitment to defer to the Low Pay Commission on the issue, presenting a possible political fudge. We also regret there that is not a complementary goal to make the two main Income Tax Credits refundable to help mitigate the issue of in-work poverty.

Adopting New Ways to Work

Much of the media commentary has reflected on how the COVID-19 pandemic has changed how we live our lives and, in many ways, served to highlight inefficiencies or flaws in how we have structured our society and how we conduct our business.

For example, hundreds of thousands of employees have, through necessity, 'discovered' new ways to work using technology that was already broadly available, as the current crisis has helped to highlight the fact that not all the work traditionally done from an office needs to be done there.

The pandemic and subsequent lockdown has also caused many of us to re-evaluate our perspectives on how society operates, and given us new found respect for certain professions and industries. Here are some lessons we hope that policymakers have learned from this current situation.

Broadband is a necessity, not a luxury

One of the clearest lessons from the crisis is that a good quality internet connection is not a luxury but is in fact essential to allow people to fully participate in society. This applies not just to economic inclusion, but to educational and social inclusion as well. If it was not clear prior to the current crisis that a quality internet connection is an equality issue, it surely is now. It is one that has both regional and financial dimensions, and covers a broad range of policy areas.

A recent article in the *Irish Times* noted that while school students may often have a good set-up in schools using various necessary digital platforms and software, many live in remote rural locations where they don't have fibre broadband or sometimes even good computer equipment[9]. These students are at a clear disadvantage compared to their peers when it comes to remote learning. The lack of a comprehensive rural broadband network in Ireland is already well-understood to discriminate against businesses in rural areas who need quality internet connections to function properly. It is now becoming clearer that this also has a negative effect on the educational outcomes of students living in these areas, albeit the disadvantage has been accentuated by COVID-19[10].

Interestingly, according to Teacher Tapp – a teacher survey app in Britain – 27 per cent of secondary teachers at private schools in the UK used online video conferencing to communicate with pupils in the first few days of the school closure there[11]. This compares with just 2 per cent of teachers in state-run schools. Such information is not available for Ireland, but it is reasonable to suspect that there is a significant divergence between accessibility for online tools between pupils with differing levels of resources.

The pandemic and the economic lockdown that resulted from it have also called attention to the probability that so many of the journeys undertaken in the modern economy would be unnecessary if a good quality internet connection were available. Colleagues who traditionally work in offices can hold meetings online. Many employees can log on remotely to their employer's network and carry out most of their work from their homes. Even professions that use very specialised software such as architecture and engineering can download and work on the large files needed for work if they have a large screen and, crucially, quality broadband.

These options have long been available to most employees living in Ireland's cities and other urban centres (or close by). Many of those living in rural areas do not have this option. The potential transformative effects on employment flexibility and

[9] https://www.irishtimes.com/news/education/students-risk-losing-out-as-online-teaching-creates-digital-divide-1.4209314

[10] See here, a recent piece by *Social Justice Ireland* on educational disadvantage and how other aspects of the coronavirus pandemic have exacerbated it.

[11] https://teachertapp.co.uk/what-does-distance-learning-look-like-in-england-and-where-will-teachers-kids-be-today/

living standards generally once quality rural broadband is in place are huge.

A lack of quality internet can also lead to social exclusion. This is particularly so in times of social isolation and social distancing. But such social exclusion refers not just to the ability to socialise with family and friends. It also refers to the ability to engage with public bodies providing important public services, many of which are now primarily delivered online.

More flexible forms of work were already possible

As noted above, hundreds of thousands of employees have 'discovered' new ways to work using technology that was already broadly available, with the current crisis highlighting that much of the work traditionally done from an office can actually be done remotely from other locations.

According to the Central Statistics Office's 2019 statistics on Urban and Rural Life in Ireland 16.2 per cent of commuters from 'satellite urban towns' and 13.4 per cent of commuters in 'rural areas with high urban influence' left for work before 7 o'clock in the morning. 12.1 per cent of commuters from 'satellite urban towns' commute for more than an hour in each direction, as do 9.1 per cent of commuters in 'rural areas with high urban influence'[12].

Many people could save hours each day on their commute to work, and hundreds (if not thousands) of euros a year on the cost of commuting. A move towards more remote working – something which has been shown by the reaction to the pandemic to be eminently possible – would lead to reduced traffic on roads and an alleviation of some of the strain on our public transport network. The environment would be grateful, with carbon emissions potentially significantly reduced.

Even if the move towards more remote working was only for a portion of the working week for many people, rather than full-time, reduced time spent commuting each week would surely lead to other social benefits like improved mental health, more time with family, and generally improved living standards.

[12] https://www.cso.ie/en/releasesandpublications/ep/p-urli/urbanandrurallifeinireland2019/commuting/

The pandemic should lead to a realignment in the thinking about how people living in urban centres work, and should provide the impetus to make the same options available to those in more rural settings.

The Remote Work in Ireland – Future Jobs 2019 report looks at the Irish context and acknowledges the importance of providing flexible alternatives from the point of view of sustainability, and increasing labour market participation among women and people with disabilities[13]. The report acknowledges the ability to widen the talent pool, stimulate regional growth, and lessen accommodation and transport pressures on cities.

Clear data on the prevalence of remote work in Ireland from before the pandemic is not available. However what data does exist shows that remote working is a growing phenomenon. Surveys are skewed by the high response rate from the Finance and ICT sectors. Nevertheless, it does offer useful insights, such as noting that remote working was much more prevalent in the private sector than the public sector prior to the pandemic. The report also highlighted as an area of importance the striking a balance between work and family, particularly for women returning to the labour force. Given Ireland's dearth of affordable childcare options, remote working provides families with additional flexibility.

It makes sense that increased flexibility of work practices, especially in relation to working from home, would open the labour market up to many groups that often find access difficult. That includes, in particular, people with disabilities, and people with parenting duties. Parenting duties predominantly fall on women, whether on single-parents – the vast majority of whom are women – or those in two-parent households where the majority of the childcare duties are still left to female partners. The ability to work from home opens up greater possibilities around school drop-offs and other aspects of family life.

Some potential health impacts from the aforementioned Remote Work in Ireland report include findings of higher morale, lower stress levels and lower absenteeism.

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[13] https://dbei.gov.ie/en/Publications/Publication-files/Remote-Work-in-Ireland.pdf

We have an opportunity to re-evaluate society's policy priorities

The government's actions in response to the pandemic also showed how capable we are at directing resources towards important issues when the political will exists.

Within a few days of the seriousness of the COVID-19 outbreak becoming apparent, rent-freezes and bans on evictions – which we had been told for years were unconstitutional – were suddenly the reality. Practically overnight, we had a single-tier healthcare system.

This just confirms what many of us already knew: that prevailing situations in social policy during 'normal' times are the result of policy decisions, rather than inevitabilities. When the political will and additional need exists, it's amazing what can be achieved.

The Programme for Government includes many policy innovations that would represent a new social contract including the implementation of a living wage, a renewal of real social dialogue, and real action on climate and sustainability.

These goals are very welcome, but the government must show the same kind of political will in implementing these much-needed policies.

We now have a better idea of who the truly essential service providers are in our society. We understand now better than perhaps ever before that many of those working in low paid jobs (delivery drivers, supermarket workers, carers, cleaners) and those around the average wage (nurses and many other medical practitioners) provide a far more valuable service than many of the most highly paid people in our society.

We now also have a better idea of what the truly essential services are in our lives. This crisis has served to teach us what the essential industries are, which we can do without for a while, and which are totally superfluous. As noted by *Time* magazine, lists of so-called vital professions were published all over the world, and unsurprisingly, positions such as 'hedge-fund manager' and 'tax specialist for multinationals' were not on them[14]. "Suddenly it was crystal clear who did the really

[14] https://time.com/5833427/coronavirus-hope/

important work in health care and education, in public transport, in supermarkets. The general rule seemed to be: the more vital your work, the less you are paid, the more insecure your employment and the more at risk you are in the fight against the coronavirus." Such stark division has led many of us to quite rightly question whether it's right to reward hedge-fund managers and others like them with salaries that are multiples of those of nurses and other front-line workers.

When needs must, we can take action that benefits the environment

One of the earliest noted effects of economic lockdown measures across Europe was the positive effect on the environment.

Satellite imagery showed carbon emissions falling across the industrial regions of the continent. Around the world, levels of toxic air pollutants are dropping. Fish were visible swimming in the clear canals of Venice. The 'return to nature' of many parts of Ireland was noted in the media, while GPS navigation systems and other measures showed traffic at a fraction of the norm.

However, these improvements and the benefits from them will not automatically remain, particularly as they are merely side-effects of actions taken with other goals in mind. There isn't even any guarantee that the fall in emissions will last any serious length of time. It is worth recalling that in 2009, at the onset of the recession caused by the financial crisis, worldwide CO2 emissions from fossil fuels and cement production dropped by 1.4 per cent. A year later, however, they were growing again by almost 6 per cent, faster than they had done in seven years.

While many of the actions taken by policymakers have had environmental benefits, these were unintended consequences and so will only be temporary. However, it does display the capability of policymakers to prioritise and make, when political will is present, difficult but necessary decisions.

With talk around potential corporate bailouts by governments as part of an economic stimulus once the lockdown is lifted, it is important that government takes a considered approach to this, ensuring it extracts concessions from the industries and firms assisted. Simply 'throwing money' at established versions of industries like transport (including airlines), food production and energy will not help produce the social change we require. This money should be directed wisely, by encouraging climate-friendly versions of these industries: more electric vehicles and eco-friendly transport modes; more eco-friendly modes of food production; more renewable energy. Similar calls, were made in 2008 and 2009. They cannot fall on deaf ears again.

Introduce Universal Basic Income and Universal Services

It has been regularly commented upon since the onset of the Covid-19 pandemic that the current situation has given people opportunity and impetus to consider how we have structured society. Issues related to the economy, the environment, and the role of government in providing a minimum floor below which the living standards of its citizens should not slip have been given renewed focus and new context.

Among the policies that have been re-examined and given fresh focus in the context of the current crisis are Universal Basic Income (UBI) and Universal Basic Services (UBS).

One of these, UBI, is an idea that has been around for a long time. Thomas Paine, one of the founding fathers in the United States, was an early advocate of such a system, and it has been promoted at different times and to different extents throughout Europe over the last century. Recently, some high-profile basic income-type pilot schemes in different European countries have garnered attention, and many believe that this is a policy whose time has now come.

UBS is an idea relatively more recent in origin. Sociologists Ian Gough and Anna Coote are among its most high-profile proponents, and as a concept it has been gaining increased traction in the context of the coronavirus outbreak.

Social Justice Ireland believes that the two ideas are both imperative to the development of a welfare state fit for the 21st century. As society moves further away from the economy of the mid-20th century (when the foundations of most of the welfare states of the western world were developed), it is increasingly important that the state set minimum floors of income and service-access below which none of their citizens should fall.

Robust and well-funded public services set the floor which underpin the living standards of most people. Accessible healthcare, high-quality education, a well-regulated housing sector, subsidised public transport, and other important contributions to essential services, are things without which most citizens would have a significantly more difficult existence.

However, even in situations where most or all of these things are cheap (or even free), individuals will have income needs to allow them to participate in society at a level considered the social norm. This is why UBI and UBS are complementary policies, essential to ensuring that everyone in society has sufficient income and sufficient access to public services to live life with dignity and experience living standards expected in a first world country. The better the quality (and the better subsidised) the services, the lower the level of basic income necessary.

What is Universal Basic Income?

There are many different visions for what a system of UBI could look like, but generally most advocates agree on two key points for what constitutes a basic income:

1. UBI is an unconditional payment from the state to every resident, on an individual basis, without any means test, or labour market (or any other kind of) requirement.
2. It should be sufficient to live a frugal, but decent, lifestyle.

Most proponents of basic income argue that it should be tax-free, with all other forms of income being taxed.

It is an alternative to the current social welfare system for governments to ensure financial wellbeing for its citizens. It differs most significantly from the current system in that Ireland generally doesn't "do" universal or guaranteed payments. (Child benefit is the exception). Most payments from the state have criteria attached, e.g. you must be available for and seeking work, or have a particular type of social insurance history, or be living below a certain income, or be otherwise unable to provide for yourself.

It also differs from the current system in that while basic income is in theory sufficient to live a frugal but decent lifestyle, most core welfare payments in Ireland (the State pension is probably the only exception) are set at a level well below what's required for a Minimum Essential Standard of Living (MESL) or to avoid poverty. (However, UBI is not a sole means of alleviating poverty, nor is it an alternative to publicly funded services).

Potential benefits of basic income

There are many potential benefits of a system of basic income.

The green argument

UBI would help facilitate a greener society. In every society, there is a certain amount of money needed to afford a socially acceptable standard of living, and every government has a different combination of ways to achieve that for its citizens. At present we have structured our society in such a way that most people must meet their income needs through being in paid employment (or living in a household where someone is in paid employment). However, full employment relies on ever-expanding GDP, and most of us understand that constant GDP-growth conflicts with our environmental concerns. UBI would facilitate a society and an economy that does not have full paid employment as an overarching goal.

The modern society argument

Basic Income would also be an appropriate way of delivering welfare in the 21st century, given how the world of work has been evolving. Our economy is changing. There are increasing levels of precarious and low paid work. Changing technologies and increased automation mean that this trend is likely to continue. Employment in the future may be scarce. (We are already aware of the possibility of driverless cars being on our roads this decade). Will there be mass unemployment in the labour market of the future? And if so, how do we implement the social welfare system as it currently stands, where individuals must engage in employment programmes and meet certain conditions related to their payments? Many people consider UBI to be a key part of a welfare system fit for a 21st century economy.

This is especially so as a system of unconditional income and universal services would provide a greater incentive to take up employment. The present system creates unemployment traps – situations where many people who are offered employment, particularly when it is low paid, must consider whether it is in their financial interest to accept it. Under a system of UBI, individuals know they will always be better off taking a job, as they would keep their welfare payment (which is tax free) and also have the benefits of their employment income (minus the appropriate amount of tax on that).

The caring and enabling society argument

Basic Income would also provide additional flexibility. People know they'll have something to live off if they decide to take time off from paid employment to start a business, return to education, look after a sick or elderly relative, or have children that require caring in the home.

Perhaps most importantly, UBI is a great enabler. It would give everyone the freedom to choose how they spend their time: how much of it they want to give over to work, caring, volunteering, education, or leisure. It also gives people greater choice about avoiding work that they find unfulfilling, or maybe morally or socially unacceptable. The idea of UBI also buys into the notion that our shared moral responsibility means meeting the basic needs of others. It also is a way of acknowledging that all citizens contribute to the common good of society and are therefore entitled to the proceeds of that society.

What are Universal Basic Services?

The concept of Universal Basic Services, or UBS, demands that all citizens or residents of a country receive unconditional access to a range of free (or heavily subsidised, with only nominal at-point-of-access costs) public services at a certain minimum level. These services would be provided by the government or a state-body, and funded by general taxation. The term 'basic' implies there is a certain minimum level that all those entitled to the service should expect.

Social Justice Ireland has long-argued that there are seven social, economic and cultural rights to which everyone should be entitled. They are: sufficient income to live life with dignity; meaningful work; appropriate accommodation; relevant education; essential healthcare; cultural respect; and real participation in society. The first of those rights would be vindicated by a system of UBI. Under a system of UBS, citizens should expect the third, fourth and fifth of those rights, as a minimum. A basic level of accommodation, healthcare and education are three key parts of UBS. Most would agree that a certain minimum access to transport is also imperative. Other possible additions may relate to childcare, information, or legal services.

The New Economics Foundation considers the central message of UBS to be that we can only flourish as a society, now and in future, if we act together and take collective responsibility to meet needs we all share. In practical terms, that means more and better collectively provided services, where everyone has access according to need, not ability to pay.

In some respects, much of the infrastructure to achieve UBS is already in place. But there are many areas in which Ireland is faring poorly. We are the only country in western Europe that does not have a single-tier universal healthcare service. Education, while heavily subsided up to Level 8 degree-level (e.g. Bachelor's degree), is still far from free when one considers the various fees and costs associated with education at all levels, from primary education through to lifelong learning. And the proportion of the Irish housing stock owned by the state is far below the European norm, while an ideological reliance on market-based solutions rather than direct intervention by government has led to a housing crisis of record proportions in this country.

Under a government that embraced UBS, such situations would not be acceptable.

Social Justice Ireland believes that the current crisis has led to changing attitudes among Irish people as to the appropriate role for government in public service provision. There has also been a glimpse of what is possible when situations demand the political will to address them. Rent freezes and moratoria on evictions (previously labelled "unconstitutional") have now been shown to be possible, while we now have (temporarily, a least) a single-tier health service. Such things are also possible on a more permanent basis.

Funding and affordability

Affordability of any policy depends largely on what parameters are set.

For UBI, affordability depends on the level of the payment, which benefits it replaces and which remain, and what the eligibility conditions are. It is important to remember that UBI would replace most core social welfare payments like child benefit, unemployment benefit, and pensions, i.e. it would not be paid in addition to these, but instead of. It should also replace tax credits for working people, saving several billions of euros more.

Social Justice Ireland's research has shown that a partial basic income could be implemented on a revenue neutral basis (with reference to the current social welfare and income tax system) using a single income tax rate of 40 per cent (though we recommend that a more progressive tax rate is used). This is clearly affordable. Better public services under a system of UBS would lower the level of UBI necessary, making it even more affordable.

Universal basic services, such as the full implementation of Sláintecare and increased funding in the education and transport sectors (as well as increased construction of social housing) will require Ireland to move in the direction of the European-average when it comes to raising revenue. While no country has yet fully met the UBS ideal, those who are closest to it collect a far higher level of taxation than Ireland, either measured on a per capita basis or as a proportion of national income. If Ireland is to provide universal basic services, or even public services and infrastructure closer to the western European norm, we must look at ways to increase government revenue on a sustainable basis.

Funding and Pathways towards a Universal Basic Income

Social Justice Ireland has costed many versions of a Universal Basic Income over the past 25 years. For example, in our 2016 conference paper entitled Costing a Basic Income for Ireland, *Social Justice Ireland* proposed a Universal Basic Income starting at €150 per week, that was fair, efficient and sustainable. This paper was an exercise in showing how a UBI could be paid for in Ireland within current structures. It was not a paper advocating at what rate a UBI should be set, however the following are some of the basic eligibility conditions and details of that version of a Universal Basic Income which may be instructive in any debate on its introduction:

1. Payment is conditional on residency within Ireland. In line with current welfare requirements, non-citizens must have lived here for a number of years before becoming entitled to a UBI.
2. The level of the payment is age-dependent.
3. Payment is constant and does not change upon the taking up of employment or the acquiring of other income.
4. All income, aside from the UBI payment, is subject to tax.
5. The Employer PRSI rate would increase to 13per cent.
6. Tax credits and tax reliefs are abolished.
7. The UBI replaces almost all core welfare payments.

How it's paid for

There are many ways a Universal Basic Income could be funded sustainably. The most straightforward way of funding a UBI is through reforming the personal income tax and social welfare systems and there are different ways of doing this. There are several other approaches, however, that have also been proposed. Here is a very short outline of three of these: capital taxation, taxing natural resources and consumption taxes.

Capital taxation

This is basically an approach that would tax capital more. This could, for example, reduce the gap between tax on labour income and capital income. This could be done by increasing taxation on capital directly through a steeply progressive personal wealth tax or by taxing capital income at a higher rate than at present. In practice, this is a tax on the stock of wealth or, alternatively, on the flow of income into wealth. A third option is to increase corporate taxation through, for example, a minimum effective corporate tax rate that in practice would have most impact on the large corporations who pay very low effective tax rates. A fourth option is through an inheritance tax.

Any or all of these options would have the effect of reducing the contribution that income tax would have to contribute and, consequently, reduce the required income tax rate.

Taxing natural resources

The first type of such a tax would focus on renewable natural resources on which there would be a tax or fee which would fund a UBI. The most obvious version of this approach would see an increase in land taxation. But it could also apply to other scarce permanent natural resources such as the broadcast spectrum that is now privately owned for the most part. Carbon taxes are another example of a tax on a permanent natural resource, the atmosphere, which is being poisoned by our carbon dioxide emissions at present. This would have the double effect of funding a UBI while also protecting the atmosphere.

Each of these could be seen as a fee for using a collectively owned asset rather than as a tax.

Another version of this approach would see revenues gathered from the sale of non-renewable natural resources. An example of this is the Alaska Permanent Fund which is financed by the extraction and sale of Alaska's oil. It pays a partial Basic Income to every citizen in Alaska every year[15].

Consumption Taxes

This approach focuses on taxation on income as it is spent rather than when it is earned. One way of doing this is via a VAT

[15] https://apfc.org/

system with which we are very familiar in Ireland. VAT applies to what is produced abroad or at home but exempts whatever is exported.

In discussions about introducing an EU-wide (or Eurozone) Basic Income, proposals to have VAT as the main source of funding have been discussed for a quarter of a century. There is a major advantage to using a system such as VAT to provide a major component of the funding as it would be more progressive to tax the expenditure than the current system which allows high earners to gain from deductions, tax breaks, loopholes, the separate taxation of capital income, various approaches aimed at maximising tax avoidance as well as sheer tax evasion. VAT would capture a proportion of all expenditure.

Social Justice Ireland's proposal

Social Justice Ireland's proposed system of UBI involved the abolition of all core social welfare payments, with the retention of those supplementary welfare payments needed to ensure that the least well-off in society do not lose out unduly due to the introduction of the proposed system. This proposal was on the basis of ensuring that the least well-off in society do not lose out due to the introduction of the proposed system.

Costs were based on outturns from 2015 from the then-Department of Social Protection, adjusted to take account of changes that would take effect under a system of UBI, as well as our own calculations.

The proposed funding model also involves creating savings and efficiencies from certain parts of the welfare system (and from other government departments); removing certain payment types that are no longer required under the system; and the institution of a single tax rate on all income earned apart from the UBI payment. (This was for illustrative purposes. We would advocate using a more progressive taxation system).

Employer PRSI

In terms of Employer PRSI, Ireland lags far behind its developed western counterparts, with a rate (of 10.95 per cent) that is almost half the EU average (of 21.31 per cent)[16].

[16] https://home.kpmg/xx/en/home/services/tax/tax-tools-and-resources/tax-rates-online/social-security-employer-tax-rates-table.html

There is, therefore, plenty of scope for increasing the contribution made by employers to the system. Increasing the Employer PRSI rate from the current rate of 10.95 per cent to 13 per cent (just below that of the United Kingdom at 13.8 per cent) is a sensible and justified way to assist in funding a system of UBI.

Benefits of the Proposal

The proposed system of UBI would have many benefits compared to the current welfare system in Ireland, namely:

- The UBI system proposed would be far more easily administered, given the reduced number of payment types and the universality of payments. There would be a much-reduced need for means-testing and other time-consuming tasks, reducing the cost of administering the welfare system. A conservative estimate, given the number of programmes that would be halted altogether, might be that administration costs would be cut in half;
- UBI would eliminate the poverty traps inherent in traditional means-tested welfare systems. Employment is always worth pursuing, as the UBI will be received in addition to money earned through employment, rather than withdrawn. It is also untaxed;
- Welfare fraud would be more-or-less eliminated, as payment of UBI is not contingent on employment status or means;
- UBI respects and rewards all forms of work, not just paid employment. Caring work, home duties, and child-rearing – all socially and economically imperative work – would receive additional recognition under this system;
- UBI would assist in alleviating poverty, and with payments being universal, there would be no stigmatisation for recipients;
- UBI would be good for the environment, as it facilitates a society and an economy that does not have full paid employment as an overarching goal.

> Full employment relies on ever-expanding GDP growth, which conflicts with our concerns for the environment. UBI would reduce the extent to which the ability to live life with dignity is tied to labour market participation by a member of the household.

In relation to the poverty traps which exist under the current Irish welfare system, the benefit of UBI was well summed up by Philippe Van Parijs when he said "it provides [poor people] with a floor on which they can stand, because it can be combined with earnings, rather than a net in which they can easily get stuck"[17].

So how do we get there?

Irrespective of how it is financed, there are a number of pathways that might be followed to introduce UBI in Ireland, and the main difference between them is timing. Some advocates propose an approach that would see the immediate implementation of a full basic income system once the required elements are in place; others propose an approach that would take place over a particular time period; and that time period can vary from three years[18] to twenty years[19] to even fifty years[20].

What follows is a brief overview of five different pathways to implement a UBI[21]:

1. All-at-once approach
2. By groups approach
3. One step at a time approach
4. Partial basic income approach
5. Gradual approach

[17] https://www.socialeurope.eu/44878
[18] Clark, C. M.A. and Healy, J (1997): Pathways to a Basic Income. Dublin: CORI

[19] Fitzpatrick, T (1999): Freedom and Security: An Introduction to the Basic Income Debate. Basingstoke: Palgrave Macmillan.
[20] Torry, M (2015): Two feasible ways to implement a revenue neutral Citizen's Income Scheme. Euromod Working Paper Series EM 6/15
[21] For more detail on each of these pathways, see our paper 'Pathways to a Basic Income System'.

All-at-once approach

This has been described as involving the complete removal of the current system and the implementation of a full UBI at the same time. It would see the complete elimination of the current income tax and social welfare system, to be replaced by a basic income system. On the last day of the tax year, taxes and benefits would be collected and paid through the existing system. Then during the first week of the new tax year, taxes would be collected through the new system and UBI payments would be made.

The advantages of this approach are that it quickly eliminates the present tax and social welfare system and it quickly realises the benefits of basic income. It would prevent confusion arising from parts of the social welfare system being universal and parts still being means tested. The disadvantage is that the change required might be too drastic for some who would need to become gradually accustomed to receiving UBI payments. The 'all-at-once' option would require significant planning and system testing to ensure the transition to a basic income system does not cause disruption and does not have unintended consequences. A clear public education and information strategy over the months leading up to the change to a full basic income system would be necessary.

The 'by groups' approach[22]

This would involve the introduction of UBI payments to certain groups in society, one after the other. There are several ways of doing this. A 'by groups' basic income system could be progressed over a four-year period by introducing a basic income for different groups in each of the four years. Clark and Healy[23] suggested that in year one, a partial basic income for adults aged 21- 64 be introduced. In year two, most of the children's basic income would be introduced. In year three, a full basic income payment for older people would be introduced. In year four, the outstanding parts of the children's and adult's payments would be introduced. In order to implement a basic income system of this design in Ireland today the working age

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[22] Also known as the demographic approach

[23] Clark, C.M.A. and Healy, J (1997): Pathways to a Basic Income. Dublin: CORI

and older person's basic income payment would have to be adjusted according to the new retirement ages.

The advantage of the 'by group' approach is that the level of change is not as dramatic as in the 'all-at-once' approach. The disadvantages of this approach are that there are winners and losers, as some groups go first and other groups have to wait a number of years. This could cause resentment between lifecycle groups as some go without a basic income but face increased tax rates for a number of years.

'One step at a time' approach

This approach is designed as a first step towards a full basic income system and has the advantage of allowing space to test new approaches without causing too much disruption for household budgets or tax or benefit administration systems. The disadvantage is that the underlying issue of a benefits system not fit for purpose for today's society is not resolved[24]. The main proponent of this approach is Malcom Torry, whose proposal, based on UK data, is concerned with children and young people. He proposes that child benefit is turned into the child's citizen's income and that a young adult's citizen's income for young people aged 16-18 is established. The payment for young adults is then retained through adulthood. At the same time a citizen's income for older people is introduced by turning the Single Tier Pension (UK) into a universal citizen's pension. Torry estimates that this 'one step at a time' approach could deliver a full citizen's income system in the UK in fifty years depending on the method adopted[25]. The main advantage of this approach is the gradual nature of the change. However, the disadvantage of this approach is that not everyone benefits from it.

Fitzpatrick[26] also proposed a 'one step at a time' method which would see a full UBI system being implemented over a twenty-

[24] Torry, M (2015): Two feasible ways to implement a revenue neutral Citizen's Income Scheme. Euromod Working Paper Series EM 6/15.

[25] The introduction of an unconditional pre-retirement payment for everyone over 55 would shorten the timeframe by thirteen years.

[26] Fitzpatrick, T (1999): Freedom and Security: An Introduction to the Basic Income Debate. Basingstoke: Palgrave Macmillan

year period through the following five stages of implementation:

i. revised social insurance
ii. social insurance plus transitional basic income
iii. participation income
iv. partial basic income, and,
v. full UBI.

The argument is that the introduction of a full UBI 'all-at-once' would most likely be unacceptable in political discourse. A long-term approach would allow time for a basic income to garner political and social support and for voters to be persuaded of the value of basic income.

Partial basic income

A variation on the 'one step at a time' approach is the partial basic income pathway. This option involves giving a (usually modest) partial basic income to some or all citizens over a period of time which would gradually expand and increase over time until a full basic income system is developed. Proponents of this approach[27] argue that this is the most appropriate method to transition to UBI in the long term as the 'all-at-once' approach would be too disruptive and seen as politically unacceptable. The disadvantage of this method is that the welfare system is a mix of conditional and unconditional regimes for an extended period of time, with the challenge of how a partial basic income would interact with conditional welfare benefits and payments.

Another approach[28] proposes giving all citizens an unconditional tax credit as a partial basic income which could be built up gradually as rewards from work fall. A 2016 study considering possible UBI simulations concluded that a modified partial basic income, paid at a lower rate and retaining existing means-tested benefits, would be viable, although it would keep some of the complexities of the existing benefits system. The authors proposed that such a partial basic income could be

[27] Groot, LFM (1999): Basic Income and Unemployment. Utrecht: Netherlands Schools of Social and Economic Policy Research.
[28] Skidelsky, R (2015): Minimum Wage or Living Income? Project Syndicate.

introduced either by demographic group or by introducing modest, partial basic income payments which would be increased over time[29].

Gradual approach

And finally, to the gradual approach to implementing a UBI which involves dismantling the current system while simultaneously building up the UBI system[30]. This approach would establish the UBI system separately from the current tax and welfare systems. It would see the gradual phasing in of the UBI system while the current tax and welfare systems are phased out. This would be done over whatever specific time period is chosen. The advantage of the gradual approach is that the challenge of reforming the current complex tax and welfare systems in order to move to a basic income system is overcome. The basic income system is established separately from the current tax and social welfare system. The gradual approach is equitable in that it distributes the costs and gains of the basic income system equally. It also avoids the disruption of the 'all-at-once' approach and the possible resentment between lifecycle groups of the 'by group' approach.

The *Social Justice Ireland* approach

Social Justice Ireland has advocated that a UBI system be implemented over a five-year period, that is, one Dáil term. We believe that a gradual approach over five years would be most appropriate in the Irish context given the complexity of the Irish tax system and the social welfare system and the reforms required to implement a basic income system. A five-year timeframe would also allow sufficient time to ensure that the basic income system is developed appropriately and that any anomalies within the current tax and social welfare systems and their interaction are addressed.

In order to deliver a structure that will support a basic income system in Ireland, two key reforms are required; one reform in the tax system and one reform in the social welfare system. By implementing these reforms, the current tax and social welfare

[29] Reed, H and Lansley, S (2016): Universal Basic Income: An idea whose time has come? London: Compass.

[30] Clark, C.M.A. and Healy, J (1997): Pathways to a Basic Income. Dublin: CORI

systems in Ireland would contain the necessary elements to provide a structure for a basic income system.

The two proposed reforms required to adjust the current tax and social welfare systems to support a basic income structure are:

i. Make the State Contributory Pension a universal payment for all adults aged 66 years and above.

ii. Make the main income tax credits refundable.

These reforms could be implemented consecutively, and once implemented Ireland's tax and social welfare system would be structured in a way that would support the gradual introduction of a basic income system.

Phasing In

In practice, if the State Contributory Pension was turned into a universal pension and if tax credits were made refundable then Ireland would have a structure that would support the implementation of a UBI system. The tax and social welfare systems would contain a universal entitlement for all stages of the lifecycle and every person in society. Older people would be entitled to the universal pension, children would be entitled to Child Benefit, and adults of working age would be entitled to a refundable tax credit or a social welfare payment. The level of these payments, of course, would vary. However, developing a structure that would support a universal entitlement for all stages of the life cycle through the tax and social welfare systems would allow for the transition to a basic income system.

A basic income system in Ireland could be introduced over five years (i.e. a Government term of office).

The value of a gradual five-year approach as proposed is that the necessary changes to the tax and social welfare systems are made so that they contain the necessary elements for a UBI system. This would deliver a smooth transition. In year one and year two, people aged 66 and over and adults in employment gain the benefits of these reforms, and in years three to five everyone gets the initial benefits of the basic income payments in a gradual manner.

Conclusion

Ireland's society is structured in such a way that the only way most people can live life with dignity is by having paid employment, or by living in a household where someone is in paid employment. Yet we have seen time and again how quickly that paid employment can disappear, most starkly with the current Covid-19 crisis. If paid employment cannot provide the basic floor for all citizens to live a life with dignity, then we must find an alternative. That alternative is the introduction of a UBI system in Ireland.

The standard objection to UBI is that it is unaffordable. But this depends largely on what parameters are set: the level of the payment; which benefits it replaces and which (if any) remain; what the eligibility conditions are, and so on. In our 2016 paper, *Social Justice Ireland* provided a structure, and a pathway, that was affordable within the existing system, sustainable and possible over a five-year period. We need now to look at how this might be implemented as part of a new Social Contract, in partnership with all stakeholders.

Index Social Welfare Rates

Social Justice Ireland welcomed the introduction of the COVID-19 unemployment and illness payment of €350 per week. The increase in the emergency social welfare payment is an acceptance that the rate of €203 per week is simply not enough for people to survive on. The COVID-19 illness payment was introduced as part of the Health (Preservation and Protection and other Emergency Measures in the Public Interest) Act 2020 (the 2020 Health Act), while the unemployment payment is governed by pre-existing emergency social welfare legislation. The section of the 2020 Health Act which introduced the illness payment was due to expire on 9th May 2020 and has since been extended. This extension is welcome, but it still does not resolve the problem of a two-tier social welfare system that has been created.

Much of this discourse surrounding this payment is misguided. Rather than focusing on reducing the COVID-19 unemployment and illness payment to the basic Jobseekers Benefit/Allowance which is €81 below the poverty line, we should take this opportunity to reform the social welfare system and begin the process of indexing social welfare rates to the minimum essential budget standard, something that *Social Justice Ireland* has long been calling for.

Poverty line

In Ireland 689,000 people are living in poverty. This means that they are surviving on incomes below the poverty line. The Central Statistics Office calculates the poverty line which is 60 per cent of median income, adjusted to take account of family size and composition annually.

Table 1 shows what income corresponds to this poverty line for a number of household types in 2020. The figure of €284.46 is an income per adult equivalent figure. It is the minimum weekly disposable income (after taxes and including all benefits) that one adult needs to live above the poverty line. For each additional adult in the household this minimum income figure is increased by €187.74 (66 per cent of the poverty line figure) and for each child in the household the minimum income figure is increased by €93.87 (33 per cent of the poverty line). These adjustments reflect the fact that as households increase in size they require more income to meet the basic standard of living implied by the poverty line. In all cases a household below the corresponding weekly disposable income figure is classified as living at risk of poverty. For clarity, corresponding annual figures are also included.

One immediate implication of this analysis is that most weekly social assistance rates paid to single people are €81 below the poverty line.

Table 1: The Minimum Weekly Disposable Income Required to Avoid Poverty in 2020, by Household Types

Household containing:	Weekly poverty line	Annual poverty line
1 adult	€284.46	€14,843
1 adult + 1 child	€378.33	€19,741
1 adult + 2 children	€472.20	€24,639
1 adult + 3 children	€566.07	€29,538
2 adults	€472.20	€24,639
2 adults + 1 child	€566.07	€29,538
2 adults + 2 children	€659.94	€34,436
2 adults + 3 children	€753.81	€39,334
3 adults	€659.94	€34,436

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

Maintaining an Adequate Level of Social Welfare

Budget 2020 failed to deliver an increase to the minimum social welfare payment. *Social Justice Ireland* regrets this decision. A lesson from past experiences of economic recovery and growth is that the weakest in our society get left behind unless welfare increases keep track with increases elsewhere in the economy. Benchmarking minimum rates of social welfare payments to movements in average earnings is therefore an important policy priority.

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

Table 2 applies this benchmark using CSO data for 2018 and 2019. The data is updated using ESRI projections for wage growth in 2020 (4.0 per cent). In 2020 the updated value of 27.5 per cent of average weekly earnings equals €221.34, implying a shortfall of €18 between the minimum social welfare rates being paid in 2020 (€203) and this threshold.

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

Table 2: Benchmarking Social Welfare Payments for 2020 (€)

Year	Average Weekly Earnings	27.5% of Average Weekly Earnings
2018*	747.45	205.55
2019**	773.91	212.83
2020**	804.87	221.34

Notes: * actual data from CSO average earnings.
** simulated value based on CSO data/trends and ESRI QEC wage growth projections.

Indexation and estimated impact on poverty

Social Justice Ireland supports the indexation of minimum social welfare payments to ensure recipients do not fall behind the rest of society. We propose the benchmark should start at 27.5 per cent of average earnings as a minimum, with a set pathway to rise over time until it reaches the Minimum Essential Budget Standard as produced by the Vincentian Partnership for Social Justice.

We estimate that more than 12,000 working age adults would have been raised out of poverty in 2016 had minimum social welfare payments been benchmarked at this proposed level. 28,000 would have been raised out of poverty had the benchmark been 28.5 per cent. By moving this benchmark gradually towards the Vincentian Partnership's Minimum Standard, poverty among households without children would gradually be eliminated completely.

In general, fluctuations in the poverty rates of those largely dependent on the welfare system has correlated in the past with policy moves that allowed the value of welfare payments to fall behind wage growth before eventually increasing these payments to catch up. If those dependent on social welfare are not to fall behind the rest of society at times of economic growth, the benchmarking of welfare rates to wage rates is essential.

Proposal: Index social welfare payments to Minimum Essential Budget Standard

To unravel the two-tier welfare system that has been temporarily created as a result of the COVID-19 crisis, and to truly deliver a fair and sustainable economy the new Government should develop a programme to index social welfare rates to the Minimum Essential Standard of Living over a five-year term. To start with social welfare rates should be benchmarked to 27.5 per cent of Average Weekly Earnings as the first step in a five-year process to index them to the Minimum Essential Budget Standard.

Now is not the time to repeat past mistakes, nor is it the time to engage in divisive discourse on social welfare. It is a time for leadership. The Government must show leadership and take this opportunity to reform of our social welfare system, give certainty to people on fixed incomes and ensure that the weakest in our society are not left behind again.

Time for Ambitious Poverty Reduction Targets

Government should strive to create a new economic model based on fairness. This would ensure that the benefits accruing from a vibrant economy would be distributed in a more equal manner. Addressing poverty and social exclusion will play a key role in this regard. The Government should set an ambitious national poverty reduction target and make persistent poverty the primary indicator of poverty measurement.

Poverty Targets – background

The National Action Plan for Social Inclusion 2007-2016 (NAPInclusion) published in early 2007 set its overall poverty goal using this earlier consistent poverty measure. One of its aims was to reduce the number of people experiencing consistent poverty to between 2 per cent and 4 per cent of the total population by 2012, with a further aim of eliminating consistent poverty by 2016. A revision to this target was published as part of the Government's National Reform Programme 2012 Update for Ireland. The revised poverty target was to reduce the numbers experiencing consistent poverty to 4 per cent by 2016 and to 2 per cent or less by 2020. This target has been retained, and the time period extended to 2025, as part of Government's Roadmap for Social Inclusion 2020-25. *Social Justice Ireland* participated in the consultation process on the revision of this and other poverty targets. While we agree with the revised 2 per cent consistent poverty target (it is not possible to measure below this 2 per cent level using survey data) we proposed that this target should be accompanied by other targets focused on the overall population and vulnerable groups.

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

Set an ambitious national poverty reduction target

Social Justice Ireland suggests that Government must set a 5-year plan for dramatically reducing poverty in Ireland as part of any Programme for Government. With the uncertainty being created by Brexit, including the potential impact on our economy, this kind of clear policy commitment is all the more important to protect the most vulnerable in Irish society. Ireland needs this kind of centralised policy commitment to mobilise a multi-departmental approach to the crisis of poverty.

Social Justice Ireland proposes that the Roadmap for Social Inclusion should be updated and that the following should be adopted as Ireland's target for poverty reduction:

- To reduce by 2023 the consistent poverty rate to 2per cent;
- the at-risk-of-poverty rate anchored in time[31] to 7per cent; and

[31] For a given year, the "at risk of poverty rate anchored at a moment in time" is the share of the population whose income in a given year is below the at risk of poverty threshold calculated in the standard way for a previous base year and then adjusted for inflation. The purpose of this indicator is to get some indication of the changes in 'absolute poverty' over time. For more

- the at-risk-of-poverty (only) rate to 6per cent.

These headline targets should be accompanied by subsidiary poverty targets for vulnerable groups as follows:

- Ambitious targets are the only way that Ireland will address its on-going poverty problem. The targets outlined above are, we believe, appropriate targets for the Programme for Government. These targets are stepping stones to move Ireland's income support system closer to the Minimum Essential Standard of Living[32].
- Make persistent poverty the primary indicator of poverty measurement

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

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

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

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

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details see https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2017/backgroundnotes/

[32] www.budgeting.ie

consistent poverty should be maintained as secondary indicators. If there are impediments to the annual production of this indicator, they should be addressed and the SILC sample augmented if required. A measure of persistent poverty is long overdue and a crucial missing piece in society's knowledge of households and individuals on low income.

Rewrite the European Fiscal Rules

In this time of unprecedented crisis, the European Union must heed the lessons from the financial crash of 2008 and take substantial and coordinated action now. Failure to act quickly, decisively and appropriately will have devastating consequences.

Learn lessons from crash – need to act now

European fiscal rules should accommodate and indeed encourage, when appropriate, investment as a basic tool of economic policy within the capacity of governments. The Stability and Growth Pact and the rules regarding budget deficits have had the opposite effect and inhibited investment in many EU Member States at a time when investment in public services and infrastructure would have meant much-needed employment and economic stimulus. This undermined the European Social Model and meant that the European Union never fully recovered from the effects of the financial crisis.

European Union Member States themselves are already ignoring the SGP rules in order to deal with the Covid-19 crisis with fiscal-deficit and debt ratios set to rise dramatically as a result.

The EU must abandon the strategy of following the Stability and Growth Pact (SGP) and the Fiscal Compact. Both instruments were incapable of dealing with the fallout of the financial crisis and its aftermath a decade ago and they are certainly not capable of dealing with the health, social, economic and financial consequences of the current situation. Without removing these rules countries will be saddled with the economic consequences of Covid-19 for decades to come.

Response at European level inadequate

Thus far the response at a European institution level has been wholly inadequate to deal with the crisis. The European Commission announced the 'mobilisation' of an additional €37bn through the Cohesion funds (this is recategorising unallocated funds within the European budget). The Commission also stated that 'the budgetary effects of temporary fiscal measures taken in response to COVID-19 will be excluded when assessing compliance with the EU fiscal rules'. While this is certainly welcome, it still places responsibility for action on national governments and does not provide a European-wide response. The meeting of Eurozone Finance Ministers on 16th March merely noted the need for a coordinated response (without outlining what this might look like) and that 'the SGP has the flexibility needed to cater for this situation and we will make full use of this flexibility in all member states'. This continued reliance on inadequate and inappropriate fiscal rules means that countries will potentially once again be subject to strict budgetary deficit rules and another round of austerity.

It seems incredible that by March no decision to use the European Stability Mechanism (ESM) as a vehicle to provide a Europe-wide fiscal response had been made. The purpose of the ESM (established in 2011 in the aftermath of the financial crisis) is 'to mobilise funding and provide stability support under strict conditionality ….. if indispensable to safeguard the financial stability of the euro area as a whole and of its Member States'. The ESM can issue European securities and should be used as a vehicle to do so in light of the recent calls (and tacit support across many EU Member States) for joint Eurobonds to deal with the fallout of the Covid-19 crisis. Viruses do not recognise borders and neither do they heed arguments regarding timing and moral hazard. Europe cannot wait to act until it is too late.

The lack of a European-wide response by the European Commission and the fact that the ECB was forced into action only after remarks by its President caused a run on Italian government bonds make it clear that the lessons of 2008 have not been learned. At a European level immediate, urgent and large-scale responses with a well-planned investment programme and decisive and ambitious actions to mitigate the economic downturn and protect the most vulnerable is required. The recently announced €750 billion recovery fund must support investment in social infrastructure that is based on the European Social Model[33].

Over ten years on from the financial crash, and after six years of economic growth, and before the onset of Covid-19, there were:

- 16.8 million people unemployed in the EU
- 6.65 million people long-term unemployed (representing over 40 per cent of total unemployment across the EU, a cause for concern)
- 3.4 million young people aged under 25 unemployed (the highest rates are in Greece, Spain and Italy)
- 86 million people living in poverty (6 million more people than in 2008) - of whom over 19 million are children (one fifth of Europe's children today are living in poverty).

The European Union has never fully recovered from the financial crisis and without substantial and coordinated action now, the current social and economic crisis could destroy it.

The European Social Model is needed now more than ever.

A large increase in direct public spending and investment is one of the most effective tools available to European countries to address the current crisis. The SGP and the Fiscal Compact will prevent countries from pursuing the type of large-scale public spending required. They are not fit for purpose and must be re-written. European institutions were found wanting in the aftermath of the financial crisis and citizens bore the brunt. We cannot make the same mistake again.

The OECD has defined the current Covid-19 crisis as the third and greatest economic, financial and social shock of the 21st Century and states that the pandemic has set in motion a major economic crisis that will burden our societies for years. The OECD is calling for immediate, urgent and large-scale responses with a well-planned investment programme and decisive and

[33] https://ec.europa.eu/commission/presscorner/detail/en/ip_20_940

ambitious actions to mitigate the economic downturn and protect the most vulnerable.

Conclusion

A strong response based on the European Social Model is required. To quote the OECD 'this is all about people: older people and the young, women and men, those on low income or no income, those who were already facing a difficult situation and who will be hit hardest'.

People across Europe deserve better than the current response from European institutions. Without political vision and the capacity to act quickly, decisively and appropriately it is difficult to see how the European project could recover from the social and economic devastation that the Covid-19 pandemic will wreak if we do not act now. The European Union and its institutions must act now to prevent a repeat of the devastation of the financial crisis of 2008.

Stability Programme Update

All plans for recovery from the present crisis must ensure that the economy and society are treated equally and addressed simultaneously. Analysing the Stability Programme Update (SPU) recently published by Government, and reflecting on the commentary on its implications, it is clear that Ireland is in danger of repeating the mistakes of the past. One of the major lessons to be learned from the crisis of 2008/9 and the subsequent recovery is that giving priority to the economy over all else simply leads to some parts of society doing very well while great swathes are left further and further behind.

The present pandemic has revealed how Ireland's social services and infrastructure are far below the levels Irish people need, levels that Ireland could well afford. The healthcare system was not reformed as set out in Sláintecare because enough finance 'could not be allocated'. Yet, with the arrival of Covid-19, an additional €2bn was found for healthcare in a matter of weeks to ensure that the system could cope.

Budget 2020 provided further evidence of the failure of Government to protect the vulnerable. While TDs salaries rose by about €1,600 in 2020 (€30 a week) many of Ireland's most vulnerable people were told that, because of the threat of Brexit, their welfare payments would remain unchanged. In practice this meant that their standard of living was set to fall in 2020 as no increase was given to cover the rising cost of living. These vulnerable people also faced additional higher charges for transport (public and private) as a result of increased carbon tax.

The unfairness of their own position was quickly acknowledged by Government, in practice, when they decided that €203 a week (the core social welfare payment) was insufficient for those losing their jobs or suffering illness as a result of Covid-19. Finance was found to increase the €203 payment by over 72 per cent to €350 for the newly unemployed, while leaving those already unemployed or on basic illness benefits on the lower payment.

The SPU sets out a macroeconomic and fiscal scenario for the period 2020-2021 which incorporates the estimated impact of the COVID-19 pandemic. The SPU would normally provide a forecast for the current year and the following four years. This time around, understandably, it simply provides a scenario.

The assumptions underpinning the scenario presented are optimistic and may not be realised; they include an assumption that the current restrictions last for three months, that there is no reoccurrence of these restrictions, and that there is a strong economic response once the restrictions are lifted.

In this scenario the gross debt-to-GNI* ratio is projected to increase to 125.1per cent by-end 2020. However, the cost of borrowing is low with interest spending expected to decrease in 2020 and 2021 (despite the stock of debt increasing). The positive intervention of the European Central Bank helps in this situation as does the NTMA's strategy of "locking-in" low interest rates and lengthening the average maturity of Ireland's debt.

SPU 2020 estimated Government expenditure of €8 billion to pay for COVID-19 measures and to provide employment and unemployment supports in the second half of the year but does not address what direct support may be available to the Irish economy from the EU.

In all of this the European Union's Fiscal Rules are acknowledged as being problematic. To facilitate appropriate fiscal action against the economic repercussions of the pandemic, the budgetary requirements that would normally apply under the Fiscal Rules have been suspended. The pandemic is considered an unusual circumstance beyond the control of Members States which allowed the Commission to activate the 'General Escape Clause' of the Stability and Growth Pact (SGP). However, it has been activated for only one year which will be far too short a timeframe in which to address the consequences of this global crisis. Far more will be required.

Social Justice Ireland has always promoted the values of justice, equality, sustainability and the common good. We have also long argued for a new Social Contract where everyone in Ireland would have sufficient income, meaningful work, appropriate accommodation, relevant education, basic healthcare, cultural respect and real participation.

We have argued that if Ireland is to achieve this then it must focus on generating five outcomes simultaneously: a vibrant economy, decent services and infrastructure, just taxation, good governance and sustainability.

The key lesson from Ireland's response to the 2008/9 crash is that these outcomes must be worked for simultaneously, not in sequence. A vibrant economy is required to provide the resources to finance decent services and infrastructure. But without decent services and infrastructure there won't be a thriving economy. Likewise, just taxation and good governance are required and must be in place simultaneously, not be a promise beyond some horizon. Finally, all initiatives should be sustainable environmentally, socially and economically.

Integrating a Sustainable Development Framework into Economic Policy

A vibrant economy is most important if Ireland is to produce a fairer future for all. To secure such a future requires us to learn from our mistakes in the past. Solid policies are required that secure the best future for all. As we begin to rebuild our society and economy post Covid-19, the Government must make policy coherence a cornerstone of our economy. Policy Coherence is defined by the OECD as the systematic promotion of mutually reinforcing policy actions across government departments and agencies creating synergies towards achieving the agreed objectives. In plain language, it means making sure that the goals of one policy, or set of policies, does not conflict with another.

A vibrant, well run and sustainable economy allows for integrated, long-term governance and planning, provides sufficient levels of resourcing for services and infrastructure on an on-going basis and serves as a foundation for a sustainable and cohesive society. In order to achieve this, we need policy coherence. We do not have a strong track record on policy coherence. There appears to be a strong degree of policy incoherence at national level, with government pursuing policies such as Food Harvest 2020 and Food Wise 2025, despite the fact that these will each result in increased emissions that will inhibit the achievement of our climate-related goals. The increased emissions from both agriculture and transport mean that Ireland will be subject to fines for not meeting our European targets. Energy policy is also affected by policy incoherence. There is a mismatch between pursuing a policy of data centre expansion, and the pressure that this will put on energy resources whilst simultaneously trying to reduce our energy emissions.

In addition to the immediate financial costs of missing our climate targets, the potential social, economic and environmental impacts of climate change are immense, and their cost must also be taken into account.

The Government could avoid these difficulties by integrating a sustainable development framework into economic policy. This framework would ensure policies are socially, economically and environmentally sustainable, and that different policies do not hinder or undermine each other. Sustainable development is defined as ‘development which meets the needs of the present, without compromising the ability of future generations to meet their needs’. It encompasses three pillars; environment, society and economy. The United Nations defines sustainable economic growth as creating the conditions that allow people to have quality jobs that stimulate the economy while not harming the environment[34]. Sustainable economic growth is vital if future generations are to enjoy the fruits of a vibrant economy and society. While growth and economic competitiveness are important, they should be considered in the context of sustainability, using a framework for sustainable development which gives equal consideration to the environmental, social and economic pillars.

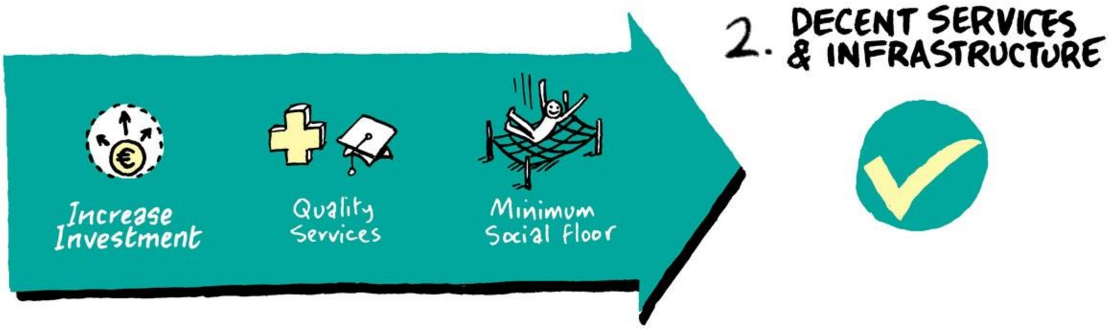
A sustainable development framework integrates these three pillars in a balanced manner with consideration for the needs of future generations. Maintaining this balance is crucial to the long-term development of a sustainable resource-efficient future for Ireland.

In addition to integrating a sustainable development framework into economic policy the Government should place the SDGs at the centre of policy making. While the current commitment to green budgeting and the publication of all Exchequer climate related expenditure is a very welcome first step by incorporating climate change and the SDGs into the budget process, much more is required.

The Government should, as a matter of priority, outline a five-year plan containing the following:

- A plan to support the CSO to develop Ireland's System of Environmental-Economic Accounts (SEEA) and how the SEEA will be incorporated into the National Development Plan;
- All proposed environmental taxation changes over the period;
- Details of the energy efficiency and renewable energy projects that this revenue will fund over the period to support our low carbon transition;
- A circular economy strategy for Ireland;
- A mitigation and transition programme.

[34] https://www.un.org/sustainabledevelopment/economic-growth/



Tackle Inequalities in Healthcare

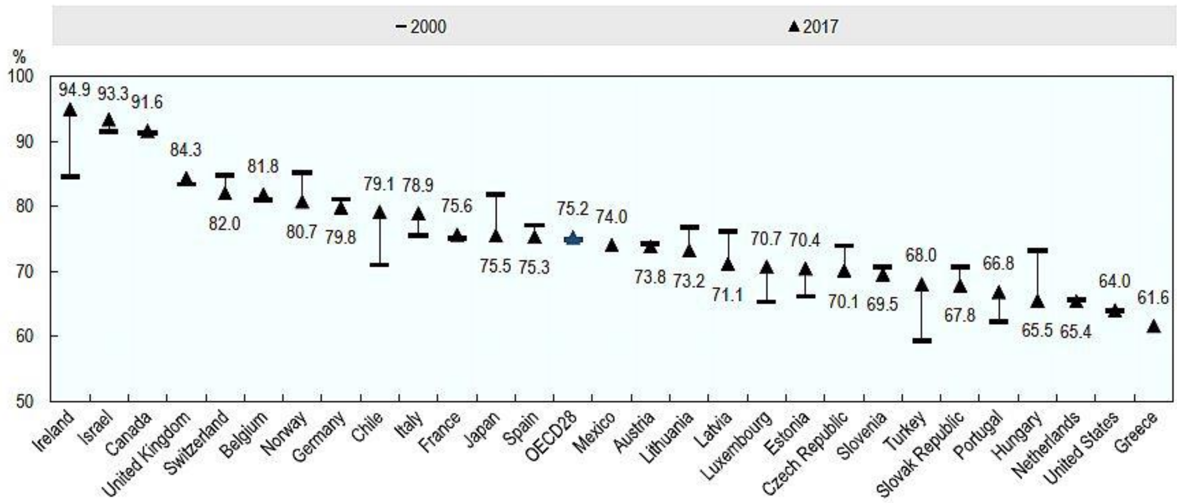
COVID-19 is placing unprecedented pressure on our healthcare system. The emergency measures implemented to date are welcome and necessary. However, in the medium and long term we must address the issues of bed capacity, lack of step-down care facilities and the need to broaden access to community care so that our acute hospital system is better placed to deal with any future shock.

Underlying problems

Before the COVID-19 pandemic ever reached these shores, Irish hospitals were already working near full capacity. The occupancy rate for acute care beds is among the highest in OECD countries, and while having a high utilisation rate of hospital beds can be a sign of hospital efficiency, it can also mean that too many patients are treated at the secondary care level.

Even though Ireland spends more per capita on Health than the OECD average (health spending is almost 25 per cent higher), the number of beds per 1,000 population is considerably less than the OECD average, and our hospital bed occupancy rate reaches almost 95 per cent (see Chart 1). This is about 20 percentage points higher than the OECD average (which was 75.2 per cent) and the highest in the EU 28. In its report on the Irish Healthcare system in 2019 the OECD found it to be hospital-centric, with significant capacity constraints in primary and secondary care and concluded that the current health infrastructure is simply not adequate for current demand and unable to cope with the projected increases due to population ageing[35]. And that was before a global pandemic.

Chart 1: Occupancy Rate of Curative (acute) Care Beds, 2000 and 2017 (or nearest year)



Source: OECD 2019

One of the things that contributes to this situation is the inability to discharge people, often older patients, due to problems accessing support in the community and step-down facilities, nursing homes and other forms of support. The problems associated with our high bed occupancy rates are associated with a persistent failure to invest properly in areas such as primary care, community care and step-down facilities.

A recent ESRI report highlights unmet need for formal home support, finding that Ireland provides formal care to only 24 per cent of those needing it and that (among the different groups examined) 38 per cent of people over 65 have unmet needs for care, as do 34 per cent of disabled adults[36]. The HSE estimated in 2017 that increasing availability of rehabilitation beds would potentially free up 12 per cent of delayed discharge beds[37]. In 2019 the OECD came to a similar conclusion noting that the high rate of delayed discharges in Ireland contributes to high

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35 https://www.oecd.org/ireland/ireland-country-health-profile-2019-2393fd0a-en.htm

36 https://www.esri.ie/publications/access-to-childcare-and-home-care-services-across-europe-an-analysis-of-the-survey-on

37 https://www.hse.ie/eng/services/news/newsfeatures/planning-for-health/

hospital bed occupancy rates. Hospital bed occupancy rates could be reduced if post-discharge planning and care arrangements for the elderly were improved and if access to primary care and community care was improved.

At the end of September 2019, there were 724 delayed discharges recorded by the HSE of which 137 were waiting to go home, 454 were awaiting nursing home care and 133 complex patients awaiting bespoke supports. This represents an increase of 19.5 per cent on September 2018, and is 31.6 per cent above the maximum target of 550. There were a further 7,252 people waiting on funding for home support[38]. Hospital bed occupancy rates could be reduced if post-discharge planning and care arrangements for the elderly were improved and if access to primary care and community care was improved.

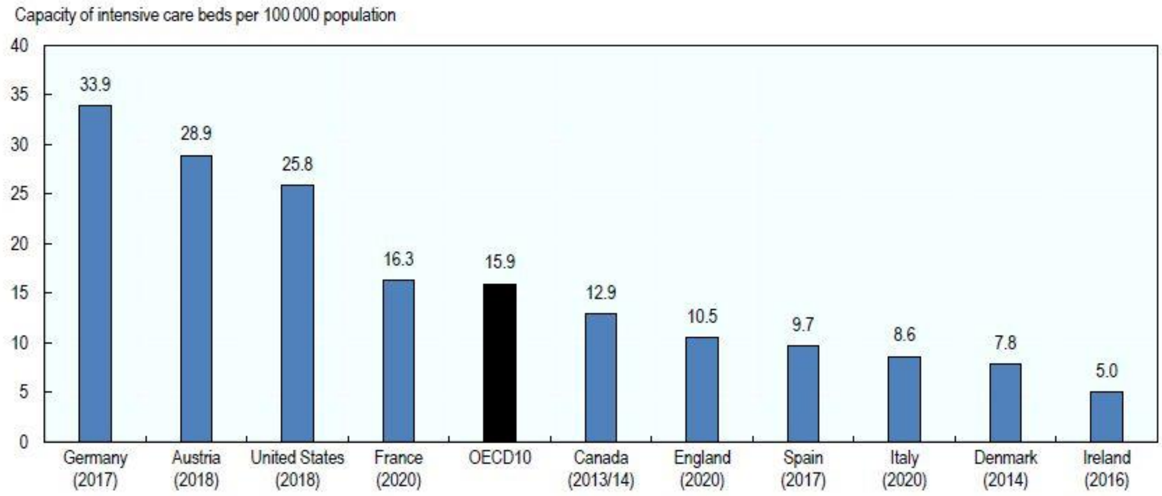
The impact of COVID-19

The failure to properly invest in primary care was having detrimental impacts on the Irish healthcare system long before the COVID-19 pandemic. But this lack of investment left our system painfully exposed.

In a policy briefing on healthcare system responses to COVID-19, the OECD emphasised that the experience in China and Italy has highlighted the critical need to ensure adequate capacity of hospital beds in general and intensive care. The report finds that given the characteristics of the treatment required for the most severe COVID-19 patients, the most important bottlenecks in hospital capacity are taking place in intensive care beds. A preliminary analysis of the most recent publicly available data suggests that, across ten OECD countries, the variation in capacity is six-fold, ranging from a high of 33.9 critical beds per 100,000 population to a low of 5.0 beds per 100,000 (see chart 2). Ireland is at the low end with just 5.0 beds per 100,000 of population.

[38] https://www.hse.ie/eng/services/publications/performancereports/july-to-september-quarterly-report.pdf

Chart 2: Capacity of intensive care beds in selected OECD countries, 2020 (or nearest year)



Source: OECD

High occupancy rates of acute care beds are symptomatic of a health system under pressure that has limited capacity to handle an unexpected surge of patients requiring immediate hospitalisation. Ireland has almost no capacity when it comes to this issue with a bed occupancy rate of 95 per cent (see chart 1 above). This problem within the Irish healthcare system has been highlighted for a number of years and is primarily as a result of a lack of an integrated primary and community care structure. Ireland remains the only Western European country without universal coverage for primary care.

Medium to long term policy goals

The correct policy response in the Irish context in the medium to long-term, once this crisis is over, is to focus on developing our primary care and community care infrastructure so that acute care beds can be made available quickly in times of extreme pressure such as we are experiencing at present.

For Ireland, a key medium to long-term policy goal must be to develop Ireland's healthcare system so that it provides universal coverage for primary care. This requires investment in community care, primary care and social care. It requires a rebalancing from the current system of reliance on hospital care with resources being diverted to primary care and to implementing Sláintecare.

As stated, Ireland remains the only Western European country without universal coverage for primary care. Unfortunately, the Sláintecare measures taken so far do not commit to providing universal health coverage by legislating for an entitlement to care.

Social Justice Ireland believes that access to healthcare based on need, not income, should remain an important aim for Ireland's healthcare system. We welcomed, in particular, the Sláintecare recognition that Ireland's health system should be built on the solid foundations of primary care and social care. However, the required capital allocation of €500 million per year for the first six years to support the infrastructure to implement Sláintecare has not been made since the programme received cross-party support. In order to deliver the modern, responsive, integrated public health system that the report envisages it is vital that the necessary investment is made available.

Since the formation of the HSE in 2005, healthcare has consistently accounted for approximately a quarter of all voted expenditure. In recent Budgets, *Social Justice Ireland* has highlighted issues with the allocation to Health as being insufficient to address new measures and existing commitments, unlikely to address waiting lists, and inadequate to address and plan for population ageing. Thus, an open and transparent debate on the funding of healthcare services and on the optimal delivery model is also needed. This debate must acknowledge the enormous financial expenditure on healthcare and the issues we raise above about healthcare expenditure, including the fact that, in international comparison, Ireland's per capita expenditure on healthcare is relatively high, despite a relatively young population.

Once the worst of the COVID-19 crisis has passed, healthcare policy in Ireland should focus on the following:

- Ensuring that announced budgetary allocations are valid, realistic and transparent and that they take existing commitments into account.
- Increasing the availability and quality of Primary Care and Social Care services.

- Creating additional respite care and long-stay care facilities for older people and people with disabilities and provide capital investment to build additional community nursing facilities. Implement all aspects of the dementia strategy.
- Working towards full universal healthcare for all. Ensure new system structures are fit for purpose and publish detailed evidence of how new decisions taken will meet healthcare goals.
- Enhancing the process of planning and investment so that the healthcare system can cope with the increase and diversity in population and the ageing of the population projected for the next few decades.
- Ensuring that structural and systematic reform of the health system reflects key principles aimed at achieving high performance, person-centred quality of care and value for money in the health service.

Conclusion

As outlined above community services are not fully meeting growing demands associated with population change reflected in the inappropriate levels of admission to, and delayed discharges from, acute hospitals. With increases in the population, especially amongst older people, the acute hospital system, which is already under pressure, will be unable to operate effectively unless there is a greater shift towards primary and community services as a principal means of meeting patient needs.

The COVID-19 pandemic has exposed how reliant the Irish public health service on the acute hospital system to deliver care. Concerns regarding our high bed occupancy rate and our underdeveloped primary care and social care infrastructure, expressed over many years went unheeded. These concerns must guide health policy once the worst of the health impacts of COVID-19 have passes. If we are to deliver a healthcare system to meet our needs, today, and in the coming decades – one that is well placed to deal with any future shocks - we must invest in our primary and community care infrastructure and fully implement Sláintecare.

Courageous political leadership is needed to implement a significant change in the healthcare model – and this requires an open debate about the choices involved and the intended benefits of a universal system that focuses on primary and community care.

People should be assured of the required treatment and care in their times of illness or vulnerability. The standard of care is dependent to a great degree on the resources made available, which in turn are dependent on the expectations of society. The obligation to provide healthcare as a social right rests on all people. In a democratic society this obligation is transferred through the taxation and insurance systems to government and other bodies that assume or contract this responsibility. How we deliver a healthcare system that can meet our current and future needs and cope with any future shocks will be an integral part of a new social contract.

Address Precarious Housing

The most pressing piece of health advice, apart from washing your hands, to come out of the COVID-19 pandemic was the need for social distancing. But for thousands of people living in emergency homeless accommodation, Direct Provision, refuges and Travellers living in cramped conditions, social distancing just isn't an option. The announcement in March of 350 spaces being made available was a welcome step, but didn't go nearly far enough. There are over 235,000 vacant properties across Ireland. Property website Daft.ie reported a 13 per cent increase in rental advertisements in March alone.

Almost since the beginning of the COVID-19 pandemic, the advice has been to stay at home. Social distancing can help flatten the curve and save lives. On the 24th March, the Government introduced stricter measures regarding social distancing, urging people to leave their homes only when absolutely necessary and restricting gatherings to four people or less unless all are from the same household. These are serious times. However, for thousands of the most vulnerable people in society, social distancing just was not an option. A Government that was urging people to stay apart had been forcing these people to stay together.

The Homeless

Homelessness data for March 2020, when the restrictions on movement came into effect, indicate that 9,907 people accessed emergency homelessness accommodation in the week 23-19 March 2020, 6,552 adults and 3,355 children[39]. Analysis of the data contained in the Homelessness Report for March 2020 indicate that these 9,907 people account for approximately 5,902 households, over 4,000 of which are in Dublin (Table 3).

Table 3: Households accessing emergency homeless accommodation, March 2020

	Total Adults	Adults in Families	Total Families	Total Households*
Dublin	4,515	1,609	1,103	4,009
Mid-East	317	114	81	284
Midlands	97	23	17	91
Mid-West	331	95	78	314
North-East	112	21	16	107
North-West	69	10	7	66
South-East	218	14	12	216
South-West	550	136	94	508
West	343	116	80	307
TOTAL	**6,552**	**2,138**	**1,488**	**5,902**

Source: Analysis of Department of Housing, Planning and Local Government Homelessness Report March 2020

***Notes:** This may be slightly less as the calculation does not account for couples.

These 5,902 households (of which 1,488 were families) were living in shared accommodation in hotels, B&Bs and Family Hubs. Many do not have their own cooking facilities. Those who are forced to vacate this accommodation every morning must walk the streets. With the closure of libraries, cafes and many retail outlets, there are very few places for them to go. Risk of infection and cross-contamination is high, particularly for the 1,488 families.

Direct Provision

The latest publicly available statistics from the Reception and Integration Agency refer to November 2018, when there were a reported 5,928 people living in Direct Provision across the country[40]. A breakdown of the families in RIA Accommodation

[39] https://www.housing.gov.ie/sites/default/files/publications/files/homeless_report_-_march_2020.pdf

[40] http://www.ria.gov.ie/en/RIA/November%202018%20-%20Final.pdf/Files/November%202018%20-%20Final.pdf

contained in this statistical report show there were 479 single parent families, 416 partner families and 2,866 single people in Direct Provision[41]. A total of 3,761 households. This number has likely increased in the intervening 16 months.

In December 2019, three reports were published which highlighted the inadequacy of the conditions for people in Direct Provision centres across the country. Among the concerns raised in these reports were the cramped living conditions, the lack of available recreational space, and the sharing of rooms with strangers[42].

In March 2020, the Department of Justice committed to "pilot an off-site self-isolation facility" for asylum seekers suspected of having COVID-19 living in Direct Provision centres. One of the many difficulties with this approach is that COVID-19 can be asymptomatic, particularly in children. A pilot will not be able to contain an outbreak where thousands of people are living in cramped accommodation. The solution is prevention.

Travellers

The 2018 Estimate of Traveller Accommodation indicates that an estimated 927 Traveller families were living in shared accommodation in 2018[43]. This represents 8 per cent of all Traveller families and is an increase of 168 per cent on 2008.

The Report of the Traveller Accommodation Expert Review Group, published in July 2019, included reference to a submission which described the use of the term 'shared accommodation' as a euphemism for "chronic overcrowding" (p15) and spoke of Travellers being trapped as they have nowhere else to go[44].

There are persistent, systemic issues with the provision of Traveller-specific accommodation. As of November 2019, a reported 14 Local Authorities had yet to spend any funding in

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[41] This calculation does not account for couples within the single numbers.

[42] https://www.socialjustice.ie/content/policy-issues/international-migrants-day

[43] https://www.housing.gov.ie/housing/special-housing-needs/traveller-accommodation/traveller-accomodation-statistics

[44] https://www.housing.gov.ie/sites/default/files/publications/files/2019_july_expert_review_group_traveller_accommodation-final_reportrt_00.pdf

this area, with just €4 million of an allocated €13 million being drawn down[45].

Lack of facilities and unsanitary conditions in some Traveller accommodation, particularly so-called unauthorised halting sites, present a serious health risk in normal times. In the midst of a highly infectious pandemic, they could be catastrophic.

Overcrowded Households in need of Social Housing

There are a reported 68,693 households on the social housing waiting lists. Of these 3,649 (5.3per cent) reported that overcrowding was the main cause of their need for social housing. While the overall number of households in need of social housing reportedly decreased by 4.4 per cent between 2018 and 2019, those reporting overcrowding increased by 5.3 per cent[46].

These households cannot self-isolate. They cannot socially distance. Because they are likely to be intergenerational, with children living with parents and grandparents, they cannot stay away from their elderly relatives. A lack of social housing has contributed to an increased risk for poorer families.

Refuges

Domestic Abuse Services National Statistics 2018, published by Safe Ireland, indicate that 1,138 women and 1,667 children were accommodated in a refuge in 2018. Some 9,971 individual women and 2,572 individual children received some supports from domestic violence refuges in that year and services were unable to provide accommodation for 3,256 requests because they were full[47].

Due to our ratification of the Istanbul Convention, Ireland should have 472 places for victims of domestic violence, but has only 141[48].

The current crisis highlights the need to protect women in communal spaces from infection and cross-contamination. The

45 https://www.oireachtas.ie/en/debates/question/2019-11-19/660/#pq_660

46 https://www.housing.gov.ie/sites/default/files/publications/files/sha_summary_2019_dec_2019_web_1.pdf

47 https://www.safeireland.ie/policy-publications/

48 https://www.oireachtas.ie/en/debates/debate/dail/2019-12-11/38/

need for social distancing also highlights the need for thousands of women to find a safe space.

Short- and Medium-Term Solutions

In terms of housing, there are some solutions.

Reports from Census 2016 indicate that there are 183,312 vacant properties across Ireland, 245,460 when holiday homes are included[49]. The emergency powers used to limit the Constitutional protection of property rights and restrict tenant evictions could be extended to requisition suitable residential properties for use by vulnerable households.

Daft.ie has reported a 13 per cent increase in available rental properties in the year to March 2020 (with a 64per cent increase in 1 and 2 bed rentals in Dublin) as students return home from college and tourists cancel bookings in short-term lettings. These now vacant properties could be used by vulnerable households to protect themselves in this time of crisis. Landlords whose tenants have been affected by COVID-19 are potentially eligible for a payment break on their Buy-to-Let mortgage for a period of up to three months. This flexibility could be made available to landlords who make their properties available to support vulnerable households for the duration of this crisis, with a State-guarantee for any additional interest accruing as a result of the payment break in the event that this is not waived by the lender.

Another possibility is that the Government could provide a modified HAP (Housing Assistance Payment) to landlords who make their properties available in these circumstances, providing them with an income they would otherwise not have and providing vulnerable households with somewhere to safely engage in social distancing.

These are not long-term solutions, and much more will be required into the future when this crisis passes.

[49] https://www.cso.ie/en/releasesandpublications/ep/p-cp1hii/cp1hii/vac/

A New Housing Strategy

Housing in Ireland has been mired in controversy for decades – from tenement slums to planning irregularities, and from substandard housing to the institutionalisation of households in emergency accommodation and Direct Provision. In this article, we explore what the five-pillar Framework for a new Social Contract might contain in the context of housing.

Vibrant Economy

Construction Employment

In Q2 2007, there were 240,000 construction workers in Ireland. Following the crash of 2008, this number fell dramatically and by mid-2012, this number had fallen to just 82,000[50]. Almost half of all workers who lost their jobs between 2007 and 2012 had previously worked in the construction sector, as housing output fell by 90 per cent[51]. By Q1 2020, the number of construction workers had risen to 148,000 – 92,000 less than the 2007 peak. There was a housing crisis before this pandemic. In the 'before times' the estimated market demand, that is mortgage approved or cash ready purchasers was approximately 10,000 from a total real demand of approximate 35,000[52]. We still need affordable, sustainable housing. We cannot, therefore risk losing this vital labour force in the wake of the next recession.

Ensuring a stable construction labour force means changing the way we think about capital projects. Rather than spending hundreds of millions of euro in large-scale capital projects, the benefits of which will not be felt for three years (if then) we should be looking at smaller-scale, socially advantageous construction projects with higher work intensity. Investing in projects such as conversions of over-the-shop units in towns and cities[53]; retrofitting of Local Authority housing and

[50] CSO Labour Force Survey, Statbank [QLF03]
[51] https://www.centralbank.ie/docs/default-source/publications/quarterly-bulletins/quarterly-bulletin-signed-articles/where-are-ireland-s-construction-workers-(conefrey-and-mcindoe-calder).pdf?sfvrsn=4
[52] https://www.broadsheet.ie/2020/01/21/its-not-possible-to-make-housing-more-affordable-by-just-increasing-supply/
[53] See Orla Hegarty's submission to the Joint Oireachtas Committee on Housing, Planning, Community and Local Government on the Vacant Housing Refurbishment Bill 2007

community spaces; provides a stable employment base at a lower cost to the Exchequer than the larger-scale capital projects. Local projects inject much-needed revenue into towns and cities and support regional development. Because they are small scale, there is greater flexibility to scale up or down, depending on available funding; and that funding is more readily available at low interest through EU Green Deal mechanisms. This is a critical issue, and one *Social Justice Ireland* will return to in due course.

Off-balance sheet investment for social and affordable housing

In December 2017, the CSO reclassified Approved Housing Bodies (AHBs), formerly outside of the general government sector, as being, in whole or in part, part of general government. This decision, affirmed by Eurostat in early 2018, was based on the legislation establishing AHBs; the funding mechanisms used by AHBs and conditions attached; the level of Government control and oversight; the market/non-market nature of AHB rented housing; and the overall policy context. What this decision meant was that the assets and liabilities of these AHBs were to be considered as part of the general government balance sheet. Subsequently any borrowings by these AHBs for the purpose of providing social housing are counted towards the government deficit. Notwithstanding the need to revisit the Stability and Growth pact and the rules concerning budget deficits, as discussed in a recent article, this decision must be appealed if social housing provision is to be scaled up to provide for those in need.

Another area in which an off-balance mechanism could prove useful, is that of providing cost rental housing. As more people are living in private rented accommodation, it is critical that rent costs, which can be over 75 per cent of a tenant's disposable income, are managed. *Social Justice Ireland* has previously advocated for affordable rental, through a cost rental model, to be introduced at scale. To do this, we developed a model of financing that is "off balance sheet", allowing for greater flexibility in design, materials and financing.

Decent Services and Infrastructure

Housing Supply and Affordability

Increasing the supply of housing is not in and of itself going to solve the housing crisis or make housing more affordable. An increase in supply does not necessarily equate to a reduction in prices[54]. Supply must be at the right price points. The wide availability of cheap credit has been more closely linked with affordability and house price increase than supply by commentators both in Ireland[55] and the UK[56]. Robust credit regulation, supply of the right homes in the right location at the right price, and supports to address inequalities inherent in the housing systems which sees greater supply in the commuter belts rather than where housing is actually needed (in cities and, if rural development were to be a priority, in rural towns).

Social Housing

There has been some debate in recent years about "mixed tenure" developments – in fact new developments have, over the past number of years, been required to ensure a tenure mix (for example the Land Development Agency aims to facilitate construction of 10 per cent social, 30 per cent affordable and 60 per cent market price housing). This is arguably the wrong approach if we are to provide adequate accommodation for the most vulnerable households.

There are currently 68,693 households on the social housing waiting lists and in the region of 40,000-50,000 tenancies in receipt of the Housing Assistance Payment (HAP) (exact data are not available). The provision of social housing must be prioritised and must be moved from "social housing solutions", which include private rental subsidies, to social housing provision with homes provided by Local Authorities or properly regulated Approved Housing Bodies. Difficulties experienced

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[54] Szumilo, Nikodem (2018) Housing affordability: is new local supply the key? Environment and Planning, London School of Economics and Political Science: London

[55] Lyons, R. (2017): "Housing Market: Supply, Pricing and Servicing Issues". In John O'Hagan and Francis O'Toole (eds), The Economy of Ireland – Policy & Performance (13th edition). London: Palgrave MacMillan, 2017

[56] Mulheirn, I. (2019): Tackling the UK housing crisis: is supply the answer?, UK Collaborative Centre for Housing Evidence,

by tenants of social housing developments are not a result of the houses, or the people, but of a lack of proper planning, adequate services and opportunities for employment[57]. Once the social structures are in place, any tenure – whether mixed or unitary – could thrive.

The decline in local authority construction, discretionary nature of HAP tenancies, increase in the cost of private rents and the promotion by Government of policies which seek to rely on the private rented sector for the provision of social housing, places low-income households in precarious living situations. It is also a considerable cost to the Exchequer, with Local Authority Budgets for 2020 anticipating an expenditure of €667.4 million for the year[58].

Government should aim to emulate our European peers who perform well in terms of social housing provision and social housing stock. *Social Justice Ireland* proposes that Government set a target of 20 per cent of all housing stock in Ireland to be social housing and substantial progress to this target should be made in a 5-year programme for Government. Progress updates and reports should be presented annually to the Oireachtas.

Affordable Housing and Low-Cost Mortgages

The latest statistics for the 1999 Local Authority Affordable Housing Scheme are from 2016 and show that no affordable homes were provided in 2016 or 2015, 9 were provided in 2014 and none were provided in 2013. Data available from the Department of Housing, Planning and Local Government, which is available up to Q3 2019, indicate that no affordable housing has been provided under Part V since 2014 when there were 32 units provided[59].

The Rebuilding Ireland Home Loan was introduced in 2018 to provide a low-cost mortgage to home buyers who meet the

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[57] Fahey, T. (1999): Social Housing in Ireland: A study of success, failure and lessons learned, Oak Tree Press: Dublin.
[58] www.localauthorityfinances.com
[59] Department of Housing, Planning and Local Government, Local Authority Housing Scheme Statistics, Affordable housing and Part V statistics

criteria. The full three-year allocation for the Rebuilding Ireland home loan scheme was €200 million. In August 2019 an additional €363 million, bringing the total allocation for 2018 and 2019 to €563 million[60], was required. This is one of many examples of Government underbudgeting and overspending. In light of the borrower profile for this loan, that is low income households, reports of rate increases are also concerning[61].

There was a suggestion that Local Authorities might provide low cost mortgages to civil servants[62]. Local Authorities are given targets in respect of the provision of social housing, these targets are insufficient to meet demand and are met to a great extent with the help of the private rented sector. If Local Authorities are to be funded to provide mortgages to civil servants, as suggested, they need to have a definitive plan in place for defaults. The proportion of Local Authority mortgages in arrears has been over 40 per cent since at least 2015, with the exception of Q3 2019, when it was 39 per cent.

Homeless Prevention and Housing First

Social Justice Ireland welcomed the publication of the Housing First National Implementation Plan 2018-2021 in September 2018, however the action to implement it is not keeping pace with the homelessness numbers. The thinking behind Housing First is that immediate permanent housing would be provided to homeless people, followed by the full suite of 'wraparound' housing and health supports. This been used successfully in Finland to almost eradicate homelessness in its entirety.

In its policy statement on Family Hubs, IHREC recommended an amendment to section 10 of the Housing Act 1988 to limit the amount of time a family may spend in Family Hubs[63]. A similar regime as in Scotland and something that *Social Justice Ireland* has been advocating for. This would then allow for the

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[60] https://www.oireachtas.ie/en/debates/question/2019-10-10/269/

[61] https://www.thejournal.ie/rebuilding-ireland-home-loan-4-4969402-Jan2020/

[62] https://www.irishtimes.com/opinion/dermot-desmond-everyone-has-a-right-to-a-home-here-is-how-it-can-be-done-1.4195439

[63] https://www.ihrec.ie/app/uploads/2017/07/The-provision-of-emergency-accommodation-to-families-experiencing-homelessness.pdf

expenditure allocated to Family Hubs to be re-directed to support the Housing First programme.

Density

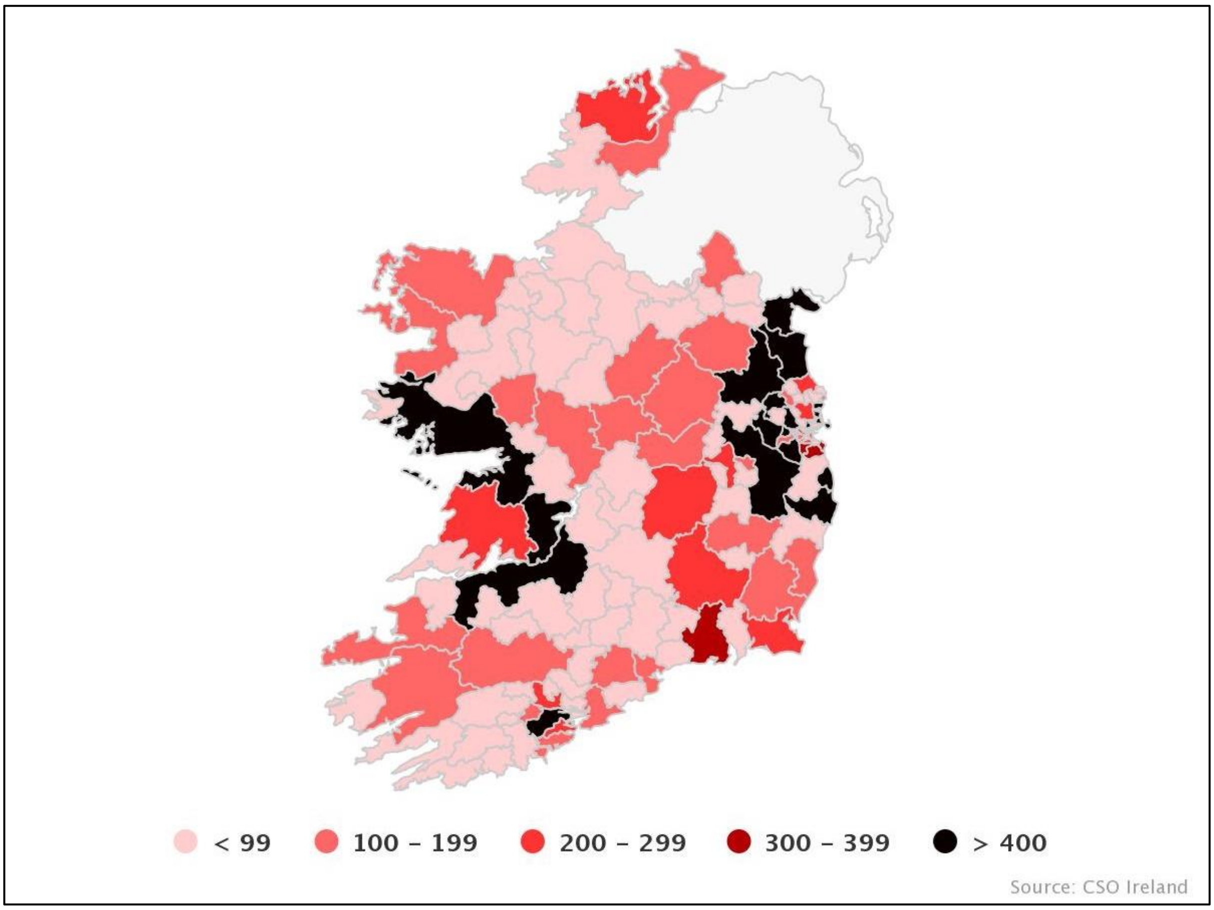
New dwelling completions in 2019 concentrated in Dublin suburbs and commuter belts (which stretch as far as Dundalk), Galway, Limerick and parts of Cork (Figure 1).

This 'urban sprawl' means longer commuting times and the consequent adverse physical, mental and environmental impacts. Debates on how to address this issue through high-density housing have concentrated on building 'upwards, not just outwards'[64]. However, high-density does not have to mean high-rise. In its report on Transport-Oriented Development[65], NESC compared urban housing densities in Dublin to those in Amsterdam, Malmo and Copenhagen, and found the suburbs and Ranelagh / Rathmines areas of Dublin to be considerably below the comparators, while the Georgian areas were of similar density, stating (p.17):

> *High rise is not equivalent to high density. Georgian Dublin achieves fairly high density without being high rise. From a viability perspective, the Department of Housing, Planning and Local Government suggests that six storeys are optimal for urban development (ibid.).*

[64] https://www.irishtimes.com/news/environment/cultural-change-needed-for-communities-to-accept-high-density-housing-1.4041872; https://www.rte.ie/news/business/2020/0212/1114892-high-rise-development-needed-to-solve-housing-crisis/
[65] http://files.nesc.ie/nesc_reports/en/148_TOD.pdf

Figure 1: New Dwelling Completions by Eircode Routing Key, 2019



Source: CSO, New Dwelling Completions Q4 2019, Figure 3

Land use is critical to the density debate. A site can have a plot ratio of 100 homes per hectare which, depending on the choice of development could take the form of a high-rise tower with a large communal open space at ground level; a mid-rise building with less communal open space, but some room for amenities, or low rise with individual gardens. The density remains the same, but the use of the land is very different. This concept is developed in some detail in the book *Designing High Density Cities* edited by Edward Ng[66]. Done well, the benefits of high-density developments can be summarised as follows[67]:

- Living closer encourages more community interaction, and reduces isolation for vulnerable social groups such as young families;

[66] Ng.E (2009): *Designing High-Density Cities: For Social and Environmental Sustainability,* Routledge

[67] Willis, (2008): extracted from *Designing High Density Cities: For Social and Environmental Sustainability,* citation as above.

- Compact settlements require less transport and reduce car use, with health and environmental benefits;
- Higher-density development is environmentally beneficial, resulting in lower carbon emissions;
- In rural areas, more compact villages could help stem the decline in rural services, such as shops, post offices and bus services.

Housing development and planning should be about creating liveable communities, with amenities such as playgrounds, green spaces and public transport, and likely environmental and health impacts properly assessed.

Just Taxation

Tax Reliefs

While measures in Budget 2020 to “ensure that an appropriate level of tax is paid on property gains by REITs” were welcome, their introduction came six years after the introduction of the preferential tax treatment of REIT, which was introduced in the Finance Act 2013. All proposed tax structures associated with residential property should be reviewed by the Irish Government Economic and Evaluation Service prior to their introduction and subject to annual review by the Department of Finance.

Reinstate the Windfall Gains Tax

For some time, *Social Justice Ireland* has called for a substantial tax to be imposed on the profits earned from planning decisions which significantly increase the value of land. Re-zonings are made by elected representatives supposedly in the interest of society generally. It is therefore appropriate that a sizeable proportion of the windfall gains they generate should be made available to Local Authorities and used to address the ongoing housing problems they face. In this regard, *Social Justice Ireland* welcomed the decision to put such a tax in place in 2010 and strongly condemned its removal as part of Budget 2015. Its removal has been one of the most retrograde policy initiatives in recent years.

Some illustrative examples of the operation of an 80per cent windfall gain tax on rezoned land were published in our latest socioeconomic review (Table 4) [68]:

Table 4: Illustrative Examples of the Operation of an 80per cent Windfall Gain Tax on Rezoned Land

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

Note: Calculations assume an eight-fold increase on the agricultural land value upon rezoning. Extracted from *Social Justice Ireland's* Socioeconomic Review: a 2020 guide to a fairer Ireland, page 100

Site Value Tax

Site Value Tax (SVT) is a charge on the value of land (i.e. the value of the site), not taking into account any of the physical capital built on the land. Another way of saying this is that it is a charge on the 'unimproved value of the land'. In this way, the charge is related to the value of the location. It is calculated as a percentage of the value of the site.

SVT is the fairest form of property tax. It is also simpler than most people first imagine. The tax is charged on the land, without taking account of any of the landowner's activities. It is levied from when the site entered into economic activity and means that the public investment in surrounding infrastructure, maintenance of environmental assets and public amenities, paid for by all tax payers, is recouped through the taxation system. The arguments in favour of SVT are numerous and are outlined in some detail in this article.

SVT is a fairer, more sustainable tax than Local Property Taxes and should be brought in to replace the LPT system at Local Authority level.

Good Governance

Regulations

[68] *Social Justice Ireland* (2020): Socioeconomic Review: Social Justice Matters: 2020 guide to a fairer Irish society, Dublin.

The Strategic Housing Development (SHD) was introduced in 2017 to fast track planning applications and avoid unnecessary delays for developments of 100 residential units or more (and 200 or more student bed places). Concerns have been expressed by the Irish Planning Institute[69], among others, that the SHD contravenes the Aarhus Convention in that objections may only be raised on application to the High Court which can be prohibitively expensive; that it takes too much of the planning process away from Local Government and elected officials; and that it results in poor urban planning.

Reductions in building standards for the buy-to-let market – small units, lack of cross-ventilation, no balconies – have been exposed by the current pandemic as the health hazards they are. Building standards must be refocused to have public health and sustainable living at the core of housing development, rather the profit.

Tenant Protections

When it comes to landlord and tenant rights in Ireland, these rights are weighed heavily in favour of the landlord whose Constitutionally-protected property rights take precedence over the human right of the tenant to live in adequate, safe and sustainable accommodation. The rate of Local Authority inspections of private rented property has been consistently low, while the rate of non-compliance with basic health and safety regulations among those properties that are inspected has been high.

In recent years, Government has moved to provide greater protections for tenants, with the introduction of Rent Pressure Zone legislation and amendments to the Residential Tenancies Act, 2004 providing for longer notice periods and increased obligations on landlords wishing to serve a notice to quit. For social housing tenants accommodated through the private rented sector, changes to the equality legislation also saw a prohibition on discrimination by landlords of tenants in receipt of HAP. However, even if they were properly enforced (which

[69] https://www.ipi.ie/sites/default/files/accordion-files/final_shd_submission_for_dhplg_16july2019.pdf

they are not) these changes do not go far enough to address the imbalance of power between the landlord and their tenant.

Regulation of the private rented market must reflect its increasing importance as a housing provider, as reliance on the private rented sector increases across all socio-demographic profiles. Social housing tenants, who are particularly vulnerable to the exigencies of the market, must be protected within this sector until such time as real social housing has been sufficiently delivered to scale. This means that anti-discrimination legislation must be enforced and that HAP payments should reflect market rents so that low income households are not choosing between rent top-ups and other essentials such as food, light and heat.

The deposit protection scheme, on the statute books since 2015, must be commenced to protect the sizable sums of money being asked of tenants in respect of security deposits. The rate of rent inspections must be increased to ensure that properties are safe and *Social Justice Ireland* supports the call by Threshold and others for the introduction of an NCT-style certification to ensure that rental properties are of a tenantable standard.

If, as seems likely, the private rented sector is to be a significant feature of the Irish housing system into the future, then we must future-proof tenancies. The introduction and regulation of long-term tenancies would secure accommodation for tenants as they age to ensure that they have an adequate place to live post-retirement in the event of a reduction in income. The design of these tenancies could account for the amortisation of some of the landlord costs associated with renting over time to allow for an appropriate rent-setting system.

A Right to Housing

The right to housing, at its most basic level, is the right of everyone to be adequately accommodated. This does not mean that everyone has a free house, or that everyone even owns a house, but that a person's basic need for shelter has the same Constitutional protection as the property rights of landowners. Various homelessness and housing organisations have campaigned for this right to be enshrined in the Constitution, with a groundswell of public support at national protests calling for a Referendum.

In May 2016, when there were just 3,930 homeless adults and 1,881 homeless children accessing emergency accommodation (compared to 6,046 adults and 2,653 children in June 2020), the Mercy Law Centre published a report on the Right to Housing in Ireland[70]. This report referred to European countries such as Belgium, Finland, Greece, the Netherlands, Portugal, Spain and Sweden, that have enshrined the right to housing in their Constitutions, and to Austria, France, Germany, Luxembourg and the UK that have enacted the right by legislation. The operation of this right has not damaged the rights of landowners in these countries, but it has required the courts to consider a person's accommodation needs in the event of a threat of homelessness. A right to housing in the Irish Constitution would likely not mean an end to homelessness in itself, but would recognise the importance of having a home to our basic human dignity, and look to protect that dignity with the fullness of the law.

Sustainability

Retrofitting

An estimated 230,650 homes have BER certificates of F or G, the least energy efficient housing. These homes are more likely to be cold or damp and, consequently, have much greater heating costs (over 585,000 people in Ireland live in a dwelling with a leaking roof, damp walls, floors or foundation, or rot in window frames or floor[71]). These are more likely to be poorer households or households headed by older people. They are also more likely to use coal, peat and other fossil fuels in their heating[72]. The recent confusion regarding the status of the SEAI Deep Retrofit Scheme Pilot is concerning. However, even with

[70] https://mercylaw.ie/wp-content/uploads/2019/06/MLRC-Report-on-Right-to-Housing-in-Ireland-May-2016.pdf
[71] Eurostat Database [ilc_mdho01]
[72] CSO Domestic Building Energy Ratings Q1 2020

this in place, the households most likely to need it were least able to avail of it, finding the upfront costs prohibitive.

Instead, investment in a retrofitting programme could be modelled on the one used in the Netherlands and part of the UK, whereby subsidised costs are spread out and paid through energy bills, making it easier for low income households to participate.

This not only provides environmental benefits but contributes to the sustainability of employment in the construction sector, as referred earlier. It also has knock-on benefits for the whole economy, as detailed in the recent ESRI report which calls for infrastructural projects which prioritise sustainability and climate goals[73].

Sustainable Design

Retrofitting existing properties is key to moving towards more environmentally, and socially, sustainable housing. However new housing, whether one off or scheme builds, must be designed to the highest sustainability standards. Employing circular economy principles and using more sustainable materials, such as green concrete[74], can contribute to more passive, environmentally friendly buildings.

Housing for the Lifecycle

Housing planning and development must take a whole of life approach, based on the needs of households throughout the lifecycle. If housing policy was based on sustaining communities, more options would be created to provide for family homes; student and professional accommodation; downsizing opportunities for older people who may wish to move from a larger family home once their families have moved on; and supported accommodation for people with additional needs. Building sustainable communities that people want to live in, decrease outward migration and can help to revitalise rural towns and villages which suffered the effects of the last

[73] https://www.esri.ie/system/files/publications/QECSUM2020.pdf
[74] https://passivehouseplus.ie/news/product-news/green-concrete-breakthrough-with-waste-wood-recycled-concrete

recession as local services and retail closed and social isolation became a prevalent feature.

In addition, for older people and people with disabilities in existing inadequate accommodation, the cuts to Housing Adaptation Grants have been detrimental. Housing Adaptation Grants is the collective term given to the three grants: Housing Aid for Older People, Housing Aid for People with a Disability and Mobility Aid Grant. These grants are provided to eligible people to modify their own homes, allowing them to live at home, within their communities, for longer. Given the large proportion of people living with a disability who own their own homes, the Housing Adaptation Grants are especially important. In 2010, a total of €77.3 million was paid in respect of 13,588 grants. These grants were subject to cuts during the austerity years, and in 2013 reached their lowest point in the decade, with €37.7 million paid in respect of 7,011 grants, less than half 2010 levels. Building on moderate increases since 2015, the total amount paid in respect of these grants in 2018 was €51.2 million in respect of 9,413 grants. An improvement on 2013, but still just two-thirds of 2010 levels (Table 5).

Table 5: Housing Adaptation Grants, by Type, 2010-2018

	Housing Aid for Older People		Housing Aid for People with a Disability		Mobility Aid Grant	
	No. of Grants Paid	Value €,000	No. of Grants Paid	Value €,000	No. of Grants Paid	Value €,000
2010	7,205	30,775	4,347	39,849	2,036	6.688
2013	2,815	11,247	2,506	20,885	1,690	5,548
2016	3,425	12,647	2,714	20,867	1,871	6,548
2018	3,640	13,904	3,622	29,739	2,151	7,601

Source: Department of Housing, Planning and Local Government, Housing Statistics, Other Local Authority Housing Scheme Statistics, Housing adaption grants, various years

Delays in accessing the necessary Occupational Therapists to certify a need for home modifications means that people living with disabilities may be at additional risk in their homes due to lack of necessary works.

Conclusion

Housing was a serious issue before the current pandemic. We had:

- almost 69,000 households on the social housing waiting list and tens of thousands more in precarious private rented tenancies;
- house prices and rents were increasingly unaffordable;
- 10,000 people were accessing emergency homelessness accommodation;
- poor standards in buildings and rented properties;
- approximately 6,000 people warehoused in Direct Provision centres;
- substandard Traveller accommodation and a lack of real action on the part of Local Authorities to address this;
- inadequate housing and insufficient housing grants to cater for older people and people with disabilities and
- a lack of suitable safe spaces for victims of domestic abuse.

Privatisation and financialisation dominated housing policies, with vulnerable people left out in the cold. Sometimes literally. We need to rethink our housing system in the context of a new Social Contract in the interest of society, the economy and the environment and to take an integrated approach to its development.

Set a new Social Housing Target

According to the Social Housing Needs Assessments 2019, published in December 2019, there were 68,693 *households* on the waiting list for social housing, presenting as a decrease of 4.4 per cent on the previous year[75]. However, the truth is that the housing crisis is worsening as Government continues to look to the private sector for solutions.

In 2011, the number of households assessed as having a social housing need was 98,318[76] – the highest number since 1993 (when it was 28,200). A change in the way need was calculated, and a removal of duplicates, saw this number reduce in 2013 to 89,872. The introduction of HAP, and the transfer of households in long-term receipt of Rent Supplement to this payment further reduced these numbers. Households in

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[75] https://www.housingagency.ie/news-events/summary-social-housing-assessments-2019

[76] https://www.housingagency.ie/sites/default/files/53.per cent20Housing-Needs-Assessment-Report_web.pdf

receipt of HAP are deemed to have their social housing need met and are not counted in the Summary of Social Housing Assessments, the official figure used to determine need. This means that households who would, pre-2014, have been given Rent Supplement and included in the social housing waiting list data, are no longer included. It also means that, notwithstanding the fact that the actual circumstances of those households that were transferred from Rent Supplement to HAP may not have changed, they have been removed from the list.

There has also been some debate surrounding the methodology used by local authorities in collecting information about those still on the housing waiting list, namely an 'opt in' letter requesting information on housing status which, if not returned, results in automatic removal from the list. While discretion was given to local authorities to make further contacts by telephone and text message, this method of data collection adversely affects those with low literacy skills and those with reduced capacity to engage in this manner, whether through stress or other socio-economic factors. It therefore risks excluding the most vulnerable households and could be a contributory factor to the rising rate of family homelessness.

Another factor may be that while those in receipt of Rent Supplement are counted, and account for 28.6 per cent of households on the social housing waiting list, those in receipt of the HAP, living in local authority rented accommodation, accommodation under the Rental Accommodation Scheme, accommodation provided under the Social Housing Capital Expenditure Programmes or any households on the transfer list are not counted as in need of social housing assistance. Between 2016 and 2019, 13,256 households were transferred from Rent Supplement to HAP. Rent Supplement transfers accounted for 16.4 per cent of the total number of HAP tenancies created in 2019 and 18.5 per cent of those created in 2018. These are precarious tenancies, left to the exigencies of a private market. While they continue to be omitted from official statistics on housing need, policy in this area will continue to focus on short-term fixes, rather than long-term solutions.

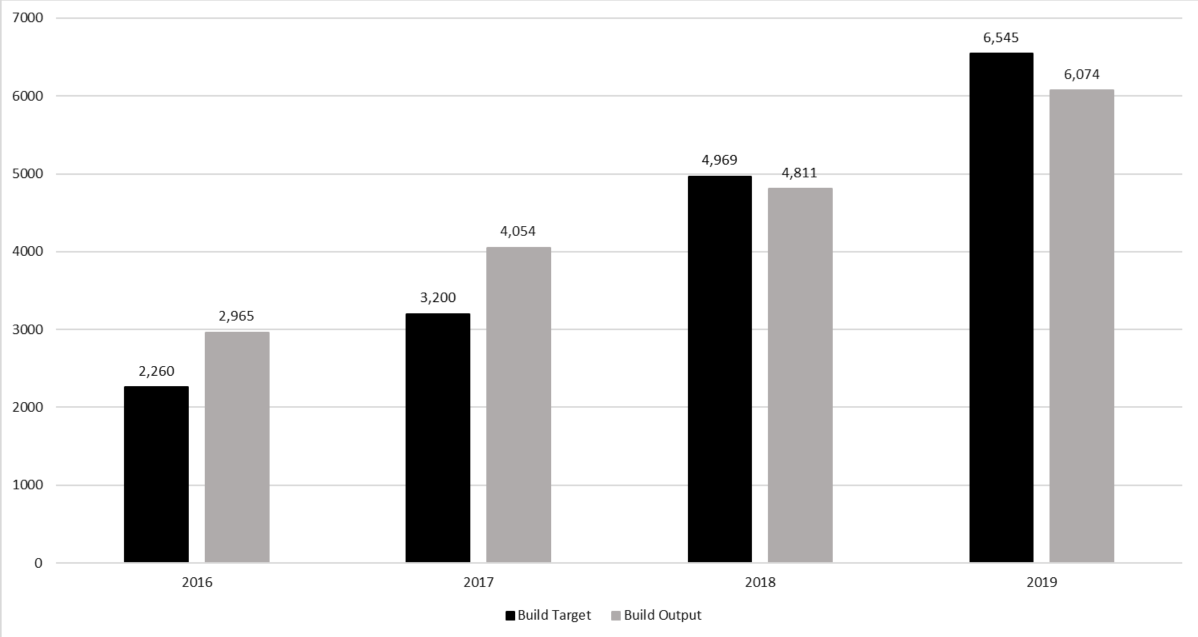
Targets

According to the Rebuilding Ireland Targets and Progress Report, the target to provide 47,000 social housing units has been revised to 50,483 (Pillar 2), of which just 31,238 had been delivered through builds, acquisition and leasing up to the end of 2019. Just 53 per cent of the total build target of 33,617 has been met to the end of 2019 (Chart 3), with targets missed for 2018 and 2019. It is interesting to note that the acquisition target for the whole programme has already been exceeded (the target to 2021 was for the acquisition of 6,830 units, as of the end of 2019, 9,553 units had been acquired). Speed of delivery is likely a contributing factor, however in many areas this would be a more expensive form of housing provision compared to direct builds by Local Authorities and Approved Housing Bodies, particularly if using State lands. The continuing cost to the Exchequer must also be a factor in determining the best method and it is time that a full comparative long-term cost analysis is developed.

Recent Government policy has seen a shift away from the construction of social housing to an over-reliance on the private rented sector to provide social housing 'solutions'. This is evident from both the increase and change in nature of the current expenditure on housing in recent years. According to a report prepared by the Irish Government Economic and Evaluation Service (IGEES) for the Department of Public Expenditure and Reform, from 2006 to 2017 Rent Supplement was the main area of current housing expenditure. While the proportion attributed to the Rental Accommodation Scheme (RAS) was growing steadily during this period, the introduction of the Housing Assistance Payment (HAP) in 2014 has had the greatest impact on the distribution of current housing expenditure[77].

[77] https://igees.gov.ie/wp-content/uploads/2018/10/SIA-Series-Social-Housing-Supports-1.pdf

Chart 3: Social Housing Builds v Targets, 2016 to 2019

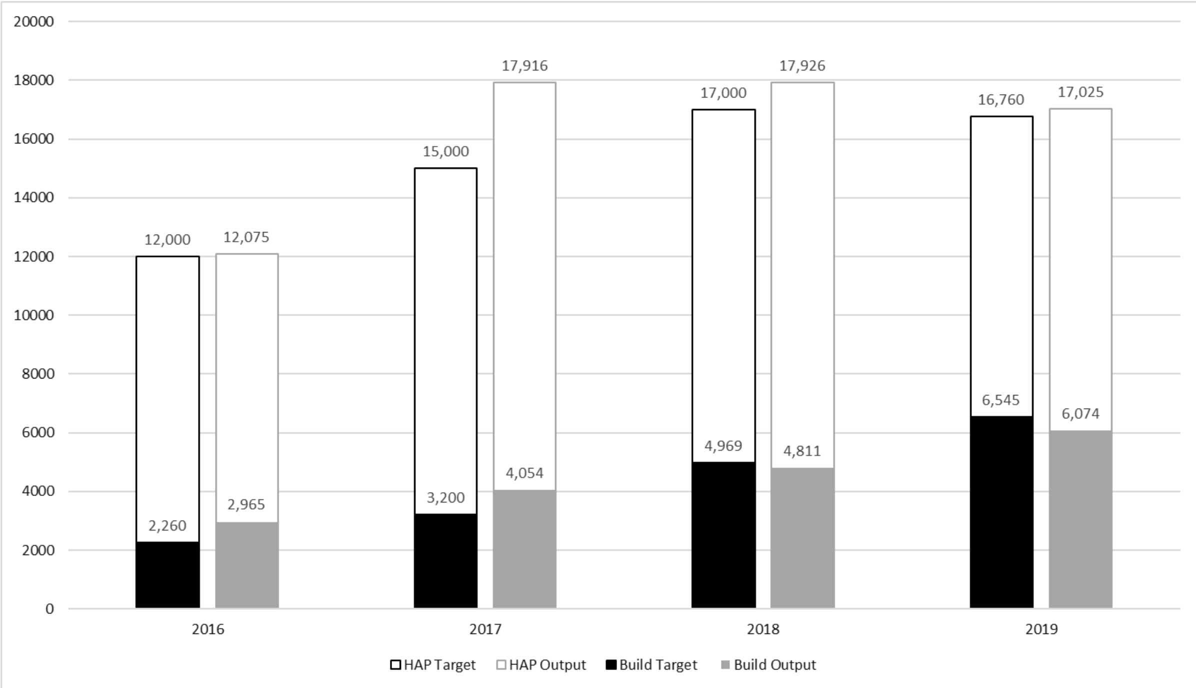


Source: Analysis of Rebuilding Ireland – Targets and Progress, Department of Housing, Planning and Local Government

Ostensibly, the introduction of HAP was to provide a longer-term supplementary payment for the growing number of private tenants in receipt of Rent Supplement for longer than its intended duration. Since 2014, the importance of HAP as a means of providing 'social housing supports' increased dramatically, and it was the cornerstone of Rebuilding Ireland's "social housing solutions" (Chart 4).

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

Chart 4: Social Housing (builds) and HAP, Targets v Output, 2016 to 2019



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

The decline in local authority construction, discretionary nature of HAP tenancies, increase in the cost of private rents and the promotion by Government of policies which seek to rely on the private rented sector for the provision of social housing places low-income households in precarious living situations. It is also a considerable cost to the Exchequer, with Local Authority Budgets for 2020 anticipating an expenditure of €667.4 million for the year[78].

Government should aim to emulate our European peers who perform well in terms of social housing provision and social housing stock. *Social Justice Ireland* proposes that Government set a target of 20 per cent of all housing stock in Ireland to be social housing and substantial progress to this target should be made in a 5-year programme for Government. Progress updates and reports should be presented annually to the Oireachtas.

[78] www.localauthorityfinances.com

Address Educational Disadvantage

Education systems across the world are being impacted by COVID-19. Almost 900 million children and young people are affected by interruptions in their education and this number is growing. The response from education systems across the globe has been to turn to technological solutions to continue to engage their students in learning. As education systems move to online platforms in the short to medium term, it is vital that all steps are taken to avoid deepening educational and social inequality as a result.

Differences in support from parents who can provide educational opportunities for their children, either directly at home or accessing them privately, differences in the capacity of different types of schools to support the learning of their students remotely, and differences among students in their resilience, motivation and skills to learn independently and online, are likely to exacerbate already existing opportunity gaps. As a result, without an intentional and effective education response, the COVID-19 pandemic is likely to generate the greatest disruption in educational opportunity worldwide in a generation[79].

This disruption will impact the livelihoods of individuals, and the prospects of their communities.

School closures

Where school closures are needed in the short term, policymakers can do their best to mitigate their impact for learners, families and teachers, especially for those in the most marginalised groups who lack the digital resources or digital skills to engage in an online learning environment. The challenge comes when these closures are longer term. Research undertaken on the effects of 'summer learning loss' in the United States found that an extended interruption of a student's learning time or studies causes a loss of knowledge and skills gained, and that during an average summer break (a period of around 10 weeks) students lose the equivalent of one

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[79] https://read.oecd-ilibrary.org/view/?ref=126_126988-t63lxosohs&title=A-framework-to-guide-an-education-response-to-the-Covid-19-Pandemic-of-2020

month of academic year learning with greater losses in maths than reading, and with students from lower socio-economic backgrounds losing the most[80]. Every week of school closure implies a massive loss in the development of human capital with significant long-term economic and social implications[81].

School closures also have a devastating impact on children with special needs and their families. These children were already at a disadvantage in the school system with one in four children with an intellectual disability or developmental disability on a short school day in 2019[82]. The current situation of school closures is having a detrimental impact on these children, their development, their education and their families.

School closures have impacts not just on the students themselves and the teaching staff, but also on the wider community. In many disadvantaged communities schools provide hot nutritious meals for children that they might not otherwise have access to. In more rural communities, where many other services have been withdrawn over the years (including the closure of Garda stations, Post Offices), the local school is one of the main focal points of community activity, and its closure has a knock-on impact on the community at large.

What is clear from all of the evidence is that school closures and the move to digital classrooms will have the greatest impact on those who are disadvantaged, be that academically, economically or socially.

Digital Classroom and the Digital Divide

While most schools are now equipped with a minimum level of digital technology, this does not mean that all schools are equal in this regard. OECD PISA research shows that, in Ireland, there is a significant digital divide for students in disadvantaged schools and these same students are less likely to have a quiet place to study, access to a computer for schoolwork, and school digital devices with sufficient capacity than their peers.

[80] https://journals.sagepub.com/doi/10.3102/00346543066003227
[81] https://oecdedutoday.com/education-responding-coronavirus-pandemic/
[82] https://arrow.tudublin.ie/aaschmedrep/1/

As schools are forced by circumstances to move to e-learning and digital technology there is a significant concern that the digital divide in connectivity will exacerbate already existing educational inequalities. Educational disadvantage can be intergenerational. Students from lower socio-economic backgrounds are therefore less likely to have the support of parents with high levels of digital skills who can assist them in an online learning environment. This means that these students are at risk of falling further behind. This is borne out by the findings of research just published by Maynooth University on the impact of COVID-19 and school closures at primary level[83].

Among the main findings of this report are:

- While the pandemic is reshaping education, the impact is not equal for all participants.
- The impact of the changes is reinforcing social inequalities.
- Not all parents have the skills for distance learning, not all have the time, not all have the health.
- Not all teachers have the skills for online teaching, not all schools and pupils have the hardware and software for distance learning.
- The survey results highlighted a clear digital divide (hardware, software, & technological skills) that exists across schools in Ireland.
- This may add to already gaping social divide between the better-resourced schools/ families and the schools/ families without the same means.
- Children from disadvantaged backgrounds do not have the same access to learning opportunities at home and rely heavily on school for this. The closure puts them at an even greater disadvantage than children who do have learning opportunities, resources and support in the home setting.

Ireland already has an educational divide with outcomes for students in DEIS schools significantly below those of their peers, notwithstanding the progress made in recent years. Add to this the intergenerational transmission of low skills in Ireland, and it

[83] https://www.into.ie/app/uploads/2020/04/Covid-19-Practice-in-Primary-Schools-Report-1.pdf

is evident that the move to online learning will have a negative impact on outcomes for students in disadvantaged schools.

The achievement of pupils in urban primary schools with concentrations of pupils from disadvantaged backgrounds is well below that of other schools despite improvements since 2007[84]. With family poverty remaining the largest determinant of educational outcome, the achievement gap between children from poor backgrounds and their more affluent peers will likely continue until economic inequality is addressed.

The pattern continues at post-primary level where, despite steady progress, significant variations in proficiency in literacy, mathematics and science remain in Ireland between students in DEIS and non-DEIS schools. Students attending DEIS schools score much lower on all three domains, pointing to the need to continue to focus resources on addressing educational disadvantage. The COVID-19 school closures and move to digital learning could reverse the trend of positive improvements in attainment and achievement in DEIS post-primary schools since 2002 and the gradual closing of the gap between DEIS and non-DEIS post-primary schools.

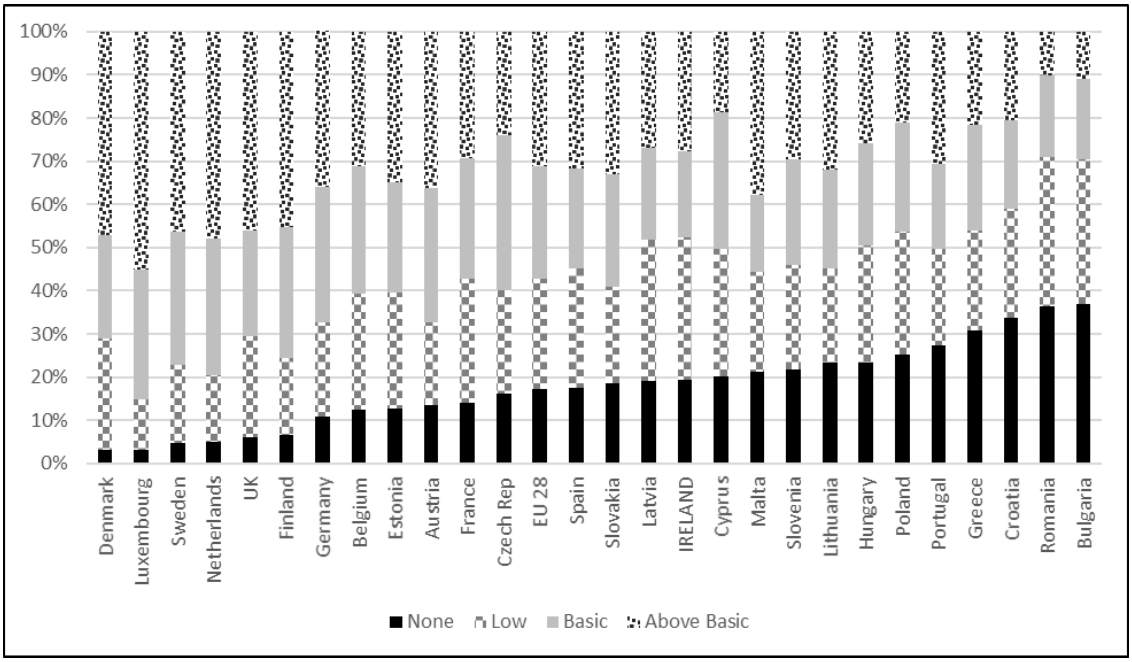
The OECD calls for all education responses to COVID-19 to be designed to avoid deepening educational and social inequality[85]. As systems massively move to e-learning, the digital divide in connectivity, access to devices and skill levels takes on more weight. It is very difficult to see how the existing educational divide will not be exacerbated by the move to digital learning.

Ireland's performance on digital skills is concerning (see Chart 5). Over 50 per cent of the population have low or basic digital skills and almost 20 per cent have no digital skills.

[84] http://www.erc.ie/2018/09/11/new-report-on-the-lives-and-learning-of-pupils-in-urban-deis-primary-schools/

[85] https://read.oecd-ilibrary.org/view/?ref=126_126988-t63lxosohs&title=A-framework-to-guide-an-education-response-to-the-Covid-19-Pandemic-of-2020

Chart 5: EU-28 Digital Skills Levels, 2017



Source: Eurostat (2018)

As Chart 5 shows, Ireland performs poorly in terms of digital skills. Less than half of the adult population has at least basic digital skills, well below the EU average (57 per cent). Only 28 per cent of people have digital skills above a basic level, below the EU average of 31 per cent. This general gap in digital skills is also confirmed by the OECD PIAAC survey of adult learning which is discussed in more detail below.

The move to digital learning and our low levels of adult digital skills will inevitably have a negative impact on our human capital and on the intergenerational transmission of educational outcomes.

A report on Well-being in the Digital Age[86] found that the digital transformation could compound existing socio-economic inequalities, with earnings and opportunities benefits accruing to a few, and the risks falling more heavily on people with lower levels of education and skills. The COVID-19 pandemic has shone a light on the potential of digital technologies to exacerbate existing inequalities if we do not act now.

[86] https://www.oecd.org/going-digital/well-being-in-the-digital-age.pdf

Adult Skills – a persistent inequality

Ireland has a persistent problem with adult literacy and adult skills in general[87]. A very significant proportion of Ireland's adult population possesses only very basic literacy, numeracy and information-processing skills, insufficient to compete in a market where the skillsets of even highly-skilled workers are likely to be obsolete in a matter of years. The most recent OECD Survey on Adult Skills are summarised below:

- Literacy - 18 per cent of Irish adults having a literacy level at or below Level 1. People at this level of literacy can understand and follow only basic written instructions and read only very short texts.
- Numeracy - Ireland is placed 19th out of 24 OECD countries with 26 per cent of Irish adults scoring at or below Level 1.
- Problem solving in technology rich environments - 42 per cent of Irish adults scored at or below Level 1.

Basic literacy skills are required for higher-order skills and 'learning to learn' skills, which are necessary for participating and engaging in the economy. Ireland needs to improve the skill levels of adult learners by investing in further education, training and skills development. 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[88]. The most recent report by the OECD on education in Ireland found that the educational attainment levels of 25-64 year olds are very similar to that of their parents and that 40 per cent of adults whose parents did not attain upper secondary education had also not completed upper secondary education[89].

The inter-generational transmission of low levels of skills and educational qualification underscores the need for high-quality initial education and second-chance educational pathways, as well as improved access to, and relevance of, lifelong learning and community education opportunities (with both academic and vocational tracks). Clearly ongoing work with parents in

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[87] https://www.oecd.org/skills/piaac/skills-matter-9789264258051-en.htm
[88] https://www.oecd.org/skills/piaac/skills-matter-9789264258051-en.htm
[89] https://www.education.ie/en/Publications/Statistics/International-Statistical-Reports/eag-2018-briefing-note.pdf

disadvantaged areas is of key importance in encouraging support of children in education.

Supports Available

The National Adult Literacy Agency (NALA) has developed a programme of supports for the one in six adults with unmet literacy and numeracy needs in Ireland around COVID-19[90]. NALA notes that the amount of additional information around COVID-19 can make many of us feel overwhelmed. But for those adults with unmet literacy and numeracy needs, this is even more challenging. NALA is focussed on supporting these adults by:

- Offering support for adults with literacy, numeracy or digital skills needs.
- Explaining COVID-19 words and terms in plain English.
- Offering help for people with understanding health information.
- Offering help for parents struggling with their kids home learning

Organisations such as NALA must be supported in this vital work and continue to be supported in their ongoing work to meet the needs of adults in Ireland who face literacy, numeracy and digital skills challenges.

Improving educational outcomes in the long term and mitigating the impacts of COVID-19

DEIS Schools

Literacy and numeracy trends in DEIS schools have been improving, but the current COVID-19 response has the potential to reverse this trend. Continued support for DEIS schools must be a policy priority and the positive policy measures which are seeing reductions in the achievement gap must be used as a stepping stone to further improvements. Literacy and numeracy challenges will not be resolved by the end of 2020, so it is important that ambitious targets are set to 2025. Sufficient ongoing resourcing must be available to support new ambitious targets and to mitigate the impact of school closures and the digital divide on students in DEIS schools and those

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[90] https://www.nala.ie/covid-19-supports/

disadvantaged students in non-DEIS schools. In the long term Government and policy makers must look to those countries with consistent high performance across all levels of education and examine what type of resources and strategies could be developed and adapted from these countries to improve outcomes in the Irish education system.

Education and Training

An education and training strategy focussed on preparing people for the impact of digitalisation, and the transitions within the labourforce that this transformation will mean, should be developed. This strategy must be flexible enough to adapt to regional needs, fully funded and linked to the National Skills Strategy, the Human Capital Initiative and Ireland 2040. People with low skill levels in particular must be a focus of this strategy.

The Government should incorporate the latest OECD recommendations on training and lifelong learning into the National Skills Strategy and revise our target to reach 15 per cent by 2021 and to reach 20 per cent by 2026, ensuring sufficient resources are made available.

Funding Education

Government must develop and commit to a long-term sustainable funding strategy for education at all stages, recognising the importance of a life-cycle approach to educational support. This funding strategy should incorporate capital and current expenditure and be coherent with present strategies and funding already allocated as part of Ireland 2040. The overall priority must be to deliver multiannual funding linked to long-term strategies at all levels. The Joint Oireachtas Committee on Education and Skills should play a key role in monitoring the implementation of this funding strategy and the outputs in achieving strategic priorities.

In the long term Government and policy makers must look to those countries with consistent high performance across all levels of education and examine what type of resources and strategies could be developed and adapted from these countries to improve outcomes in the Irish education system.

Conclusion

Education is an integral part of our social contract. Education is widely recognised as crucial to the achievement of our national objectives of economic competitiveness, social inclusion, and active citizenship. It benefits not just the individual, but society as a whole and the returns to the economy and society are a multiple of the levels of investment. However, the levels of public funding for education in Ireland are out of step with these aspirations. The response to COVID-19 will exacerbate existing inequalities within our education system and we must work to mitigate against this, and to ensure that those who are impacted the most will be supported the most. First and foremost this requires investment. If we don't make the required investment the impact of COVID-19 on the educational system will be felt for generations to come.

Support Households in Financial Distress

In recent years overall personal indebtedness was replaced in public discourse by a focus on mortgage debt and associated solutions. However, for thousands of people, both mortgage and non-mortgage debt remain a persistent and pervasive concern. With hundreds of thousands of people likely to be out of work due to the COVID-19 pandemic, we look at whether Irish households are any better placed to deal with over-indebtedness in 2020 than they were in 2008.

There is no official definition of over-indebtedness in Ireland. In his 2009 study, Stamp provided an expansive definition with reference to a 2008 study undertaken by a consortium of European organisations in the personal finance area, namely:

People are over-indebted if their net resources (income and realisable assets) render them persistently unable to meet essential living expenses and debt repayments as they fall due.

The study then outlines five key measurements of over-indebtedness contained in the 2008 study, as:

i. Persistency (a prolonged as opposed to once-off problem)

ii. Lack of payment capacity (an inability to meet debt-related payments and other commitments)

iii. Problems with a range of contractual financial commitments (defined broadly to include mortgages, household bills and consumer credit)

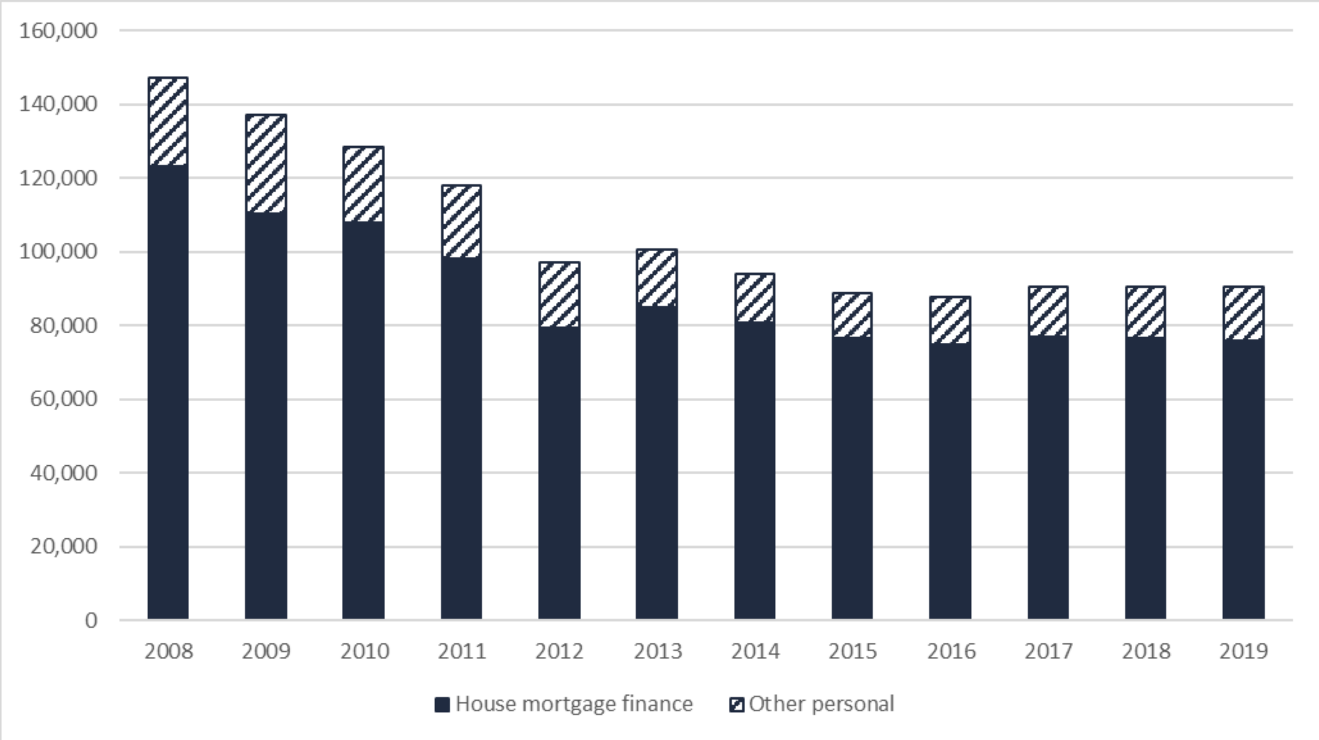
iv. An inability to maintain a reasonable standard of living (i.e. an inability to live reasonably and maintain debts)

v. Illiquidity (an inability to realise assets to discharge outstanding debts)

The expansion of available credit with lax regulation was a key driver in the financial crisis of 2008. When that crisis hit, and with it a sharp rise in unemployment, thousands of households experienced difficulties paying bills and everyday expenses. Lessons were learnt that resulted in the constriction of mainstream credit, however an estimated half a million people were in arrears on at least one bill in 2018 as we face another wave of job losses due to the COVID-19 outbreak.

At the time of the 2008 crash, Central Bank-regulated lending to private households exceeded €147 billion, the majority of this being mortgage finance (€123 billion) and the remainder for "other personal" finance (€24 billion). In the years since, the constriction of mainstream personal credit resulted in the paying down of outstanding balances, rather than further borrowing, and a levelling-off of the total outstanding to the region of €90-100 billion. As of September 2019, the total amount of Central Bank-regulated credit to Irish private households was €90.4 billion (Chart 6).

Chart 6: Credit to Irish Private Households, Outstanding Amounts (€ million), 2008 to 2019



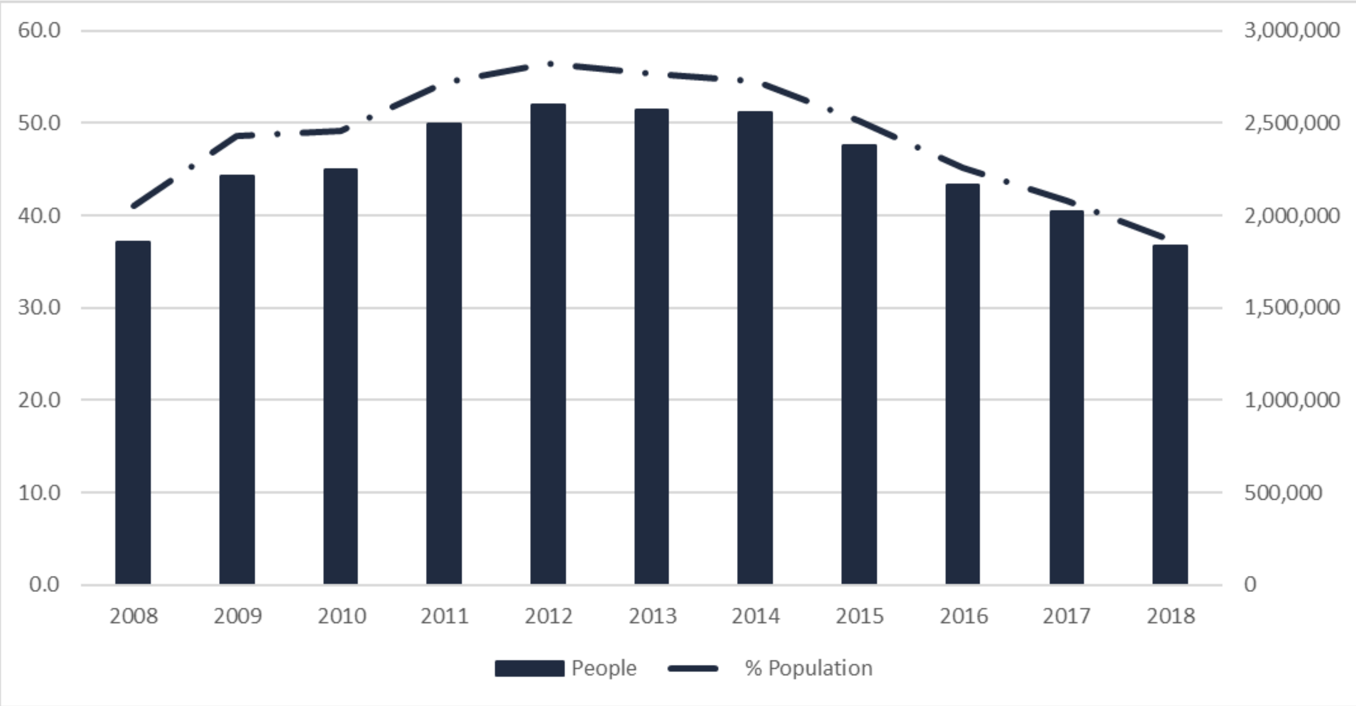
Source: Analysis of Central Bank Private Household Credit and Deposit data, various years.

Notes: Data for September each year.

While this would appear to show that the Irish population is in a better position now to deal with financial shocks than it was just over a decade ago, with less credit with which to get into difficulty, the reality is that almost the same number of people reported being unable to face an unexpected financial expense in 2018 (at a time of almost full employment) as in 2008 (1.83 million in 2018 compared to 1.85 million in 2008).

This proportion rose steadily between 2008 and 2012, where it reached 56.4 per cent, before declining to 37.3 per cent in 2018 (Chart 7).

Chart 7: Inability to face unexpected financial expenses, per cent Population and No. of People, 2008 to 2018

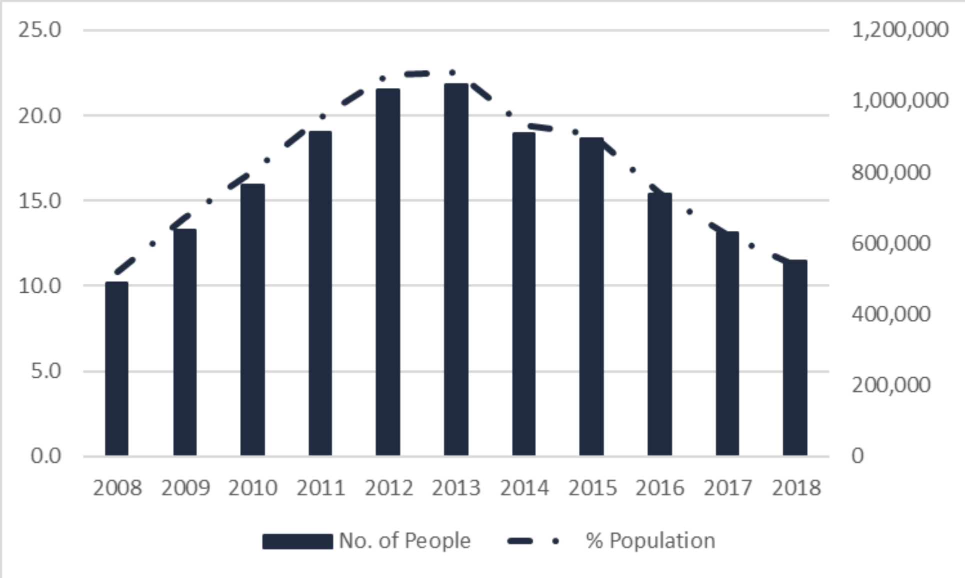


Source: Analysis of Eurostat [ilc_mdes04], Central Statistics Office Population Estimates (Persons in April) by Age Group, Sex and Year [PEA01]

Notes: Calculation of people based on population data for April of the following year

These financial difficulties are further compounded for those who are already in arrears on one or more of their bills. In 2018, 11.2 per cent of the population, some 551,208 people, were in arrears with mortgage or rent, utility bills or loan payments, compared to 489,607 (10.8 per cent) in 2008 (Chart 8).

Chart 8: Arrears on mortgage or rent, utility bills or loan payments, per cent Population and No. of People, 2008 to 2018



Source: Analysis of Eurostat [ilc_mdes05], Central Statistics Office Population Estimates (Persons in April) by Age Group, Sex and Year [PEA01]

Notes: Calculation of people based on population data for April of the following year

A breakdown by type of debt shows that, despite a return to full employment and a constriction of mainstream credit, the personal debt situation of Ireland's population is very similar to what it was in 2008 (Table 6).

Table 6: Arrears by Type of Debt, per cent Population and No. of People, 2008 and 2018

	2008		2018	
	per cent Population	**No. of People**	**per cent Population**	**No. of People**
Mortgage or Rent	5.6	253,870	5.0	246,075
Utilities	8.3	376,272	8.6	423,249
Hire Purchase or other loan payment	2.8	126,935	2.0	98,430

Source: Analysis of Eurostat [ilc_mdes06, ilc_mdes07, ilc_mdes08], Central Statistics Office Population Estimates (Persons in April) by Age Group, Sex and Year [PEA01]

Notes: Calculation of people based on population data for April of the following year

The data available from the Central Bank and the EU-SILC survey relates to "formal" sources of credit. For many low-income households, restrictions on borrowing from mainstream lenders and an inability to provide for contingency savings means finding alternative sources of credit. A report from the Social Finance Foundation found that in 2018 there were 330,000 people accessing credit from moneylending firms[91]. The majority were female, aged between 35 and 54 and drawn from lower socio-economic backgrounds. A large proportion have loans from 'home credit companies' which charge APRs of up to 287per cent. These alternative sources of credit are often prioritised, irrespective of interest rate or associated risks, as providing easier access to emergency funds and a personal connection with the creditor[92].

Policy Responses

Policy responses to problem personal debt have been patchy at best. A review of MABS Clients in Mortgage Arrears published in 2013[93] outlined a series of issues experienced by almost 6,000 MABS clients in engaging with the Code of Conduct on Mortgage Arrears and considered the difficulties experienced by borrowers with multiple debt types. A recent report by TASC[94] into non-mortgage debt reviewed the policy responses to tackling problem debt and concentrated on the need to provide greater financial capability, in line with the findings of the Competition and Consumer Protection Commission[95] and the recent Civil Society Roundtable hosted by the Central Bank[96]. In addition, the Mental Health Commission published a report on the mental health impacts of problem debt[97] with recommendations which are yet to be implemented.

Supporting over-indebted households requires a holistic, whole-person approach. A National Taskforce on Over-

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[91] https://sff.ie/irr/

[92] Collard, S. and Kempson, E. (2005): Affordable credit for low-income households, University of Bristol

[93] Bennett, C. (2013): MABS Clients and Mortgage Arrears: A profile of MABS clients in mortgage difficulty and factors associated therewith. MABS National Development Limited: Dublin

[94] Lajoie, A. (2020): Exploring Household Debt in Ireland: The Burden of Non-Mortgage Debt & Opportunities to Support Low-Income Households. TASC: Dublin

[95] Competition and Consumer Protection Commission (2018): Financial Capability and Well-being in Ireland in 2018

[96] https://www.centralbank.ie/events/event-detail/2019/11/29/default-calendar/civil-society-roundtable

[97] Mental Health Commission, 2011: The Human Cost, An overview of the evidence on economic adversity and mental health and recommendations for action. Mental Health Commission: Dublin

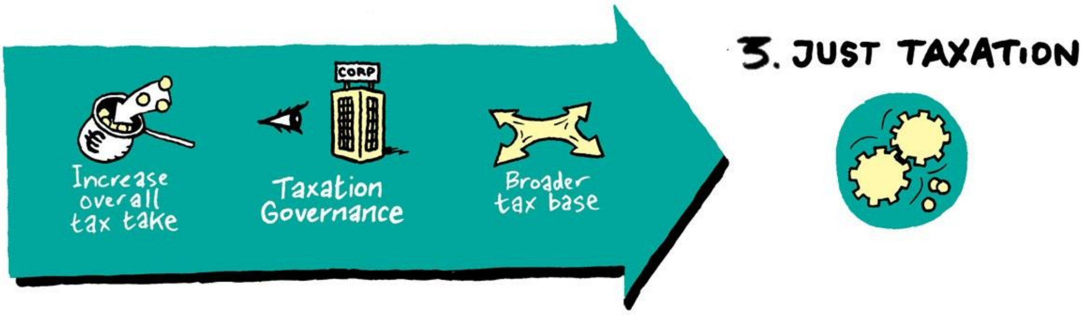
indebtedness is required, focusing on prevention of chronic over-indebtedness to the extent that it impacts the health and well-being of individuals and the potential re-growth of the economy after the crisis has passed. This will involve participation from all stakeholders to deal not only with the gaps identified in existing policies, but to develop policies for areas that have not yet been addressed (for example, illegal moneylending).

This Taskforce could have dedicated workstreams such as:

i. Mortgage Debt and Mortgage Arrears, to review and strengthen existing policies in this area and to ensure that mortgage borrowers granted a temporary payment break due to COVID-19 are not penalised with interest payments into the future;
ii. Non-mortgage debt, to include a review and policy response to problems with both formal and informal non-mortgage debt;
iii. Personal Insolvency to consider the efficacy of the Personal Insolvency Act, 2012 (as amended), particularly for lower-income households;
iv. Mental and Wellbeing to review the implementation of the findings from their 2011 report in the wake of increased anxiety due to the pandemic and its resultant financial impacts; and
v. Financial Inclusion to consider the availability of social lending; the extension of the Basic Payment Account, the introduction of a Minimum Income Standard and the development of money management education programmes.

The work of the Taskforce would be overseen by a Steering Group, consisting of participants from all sectors, who would work to defined Key Performance Indicators to ensure that robust policies and procedures were implemented within specified timeframes.

Addressing the area of over-indebtedness should be a Government priority, effecting as it does not only the health and wellbeing of the individual, but the efficacy of economic recovery.



Broaden the Tax Base and Increase the Tax Take

As we navigate through the global crisis caused by COVID-19, the need for a broad, stable tax base that can collect the revenue required to support our social, economic and environmental goals has never been more apparent.

It is clear that tax policy will play a vital role both in the immediate Government response to support people and businesses, and in rebuilding our society and economy once the worst of the health impacts are contained. The Government has an opportunity to reform and broaden our tax base and lay the foundations to increase our total tax take now to ensure we are well prepared to meet any future shocks. We have a once in a generation opportunity to build a new society, a new economy and a new country that reflects the lessons we have learned in recent weeks.

The Government can begin the process of broadening our tax base by implementing policy proposals such as:

- Set a new tax take target to raise an additional €2.5bn to €3bn per annum and a pathway to achieve it
- Introduce a Minimum Effective Corporate Tax Rate of 6 per cent
- Provide an Annual Review of Tax Expenditures
- Introduce Refundable Tax Credit for Low Paid Individuals
- Re-introduce a Windfall Gains Tax
- Replace the Local Property Tax with a Site Value Tax
- Remove environmentally harmful subsidies

The proposals outlined in our briefing will have the combined impact of reforming the tax system by making it fairer, simpler, and broadening the tax base. This will contribute to raising the overall tax take in a modest, realistic and progressive manner. These proposals would also deliver a taxation system that would support our social and economic recovery and a new Social Contract.

Estimating the impact of COVID-19 on GDP and taxation remains highly speculative, but early estimates suggest that the impact on tax revenues is likely to be significant even if not as large as originally feared. What we know from recent experience of the financial crash in 2008 is that it can take a number of years for tax revenues to return to where they were pre-crisis. We now have an opportunity to learn from past mistakes and take steps to broaden our tax base so that we are better prepared for the task of rebuilding our society and economy and in making the changes needed to build a stronger, more inclusive Ireland.

Regardless of how it is measured, Ireland is a low-tax economy. *Social Justice Ireland* is of the view that a broadening of Ireland's tax-base will be required, together with an increase in the total tax-take towards the European average. In addition to the health, social and economic impacts of the COVID-19 pandemic, we also face challenges posed by demographic changes, social inequality – in housing and healthcare in particular – and climate change. These challenges and deficits existed before the current pandemic, and it should not need stating that such deficits cannot be closed without gradually increasing Ireland's tax-take towards the European average.

In April 2020, *Social Justice Ireland* published a policy briefing *Ireland's Taxation System Post COVID-19: Policy Options*[98] proposing an alternative, fair, taxation system.

Summary of proposals

Set a new tax take target

Social Justice Ireland believes that, over the next few years, policy should focus on increasing Ireland's tax-take. The Government should set a new target to increase the overall tax-take and set out a pathway outlining how they will reach this

98 https://www.socialjustice.ie/content/publications/policy-briefing-irelands-taxation-system-post-covid-19

target by broadening the tax base, and what policies will be implemented to do so.

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

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

Previous benchmarks, set relative to the overall proportion of national income collected in taxation, have become redundant following recent revisions to Ireland's GDP and GNP levels as a result of the tax-minimising operations of a small number of large multinational firms. Consequently, an alternative benchmark is required.

Introduce a Minimum Effective Corporate Tax Rate

The adequacy and fairness of corporate tax payments has been a recurring issue for a number of years. In a post-COVID-19 environment, it is likely that ensuring that MNCs pay a minimum level of tax will be of even greater importance, not least driven by pressures on public finances. As the international tax landscape changes and there is a renewed focus on the international corporate tax system, the introduction of a minimum effective corporate tax rate would serve as another opportunity for Ireland to take a leadership role in implementing progressive moves relating to the international corporation tax system.

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

Provide an Annual Review of Tax Expenditures

All tax reliefs - particularly the costliest ones – should undergo proper administrative scrutiny and parliamentary debate to ensure they remain fit for purpose and cost effective. The Government should commit to an annual review of Tax Expenditures to be presented to the Oireachtas as part of the Budgetary process. This review could be published as part of the Summer Economic Statement (or Spring Economic Statement) for discussion. Sunset clauses, the impact of each tax expenditure, their cost to the State in terms of revenue foregone, their impact, and the length of time that they have been in place should all form part of this report.

Introduce Refundable Tax Credit for Low Paid Individuals

Making PAYE and Personal income tax credits refundable would help make low-paid work more rewarding. The main beneficiaries of refundable tax credits would be low-paid employees (full-time and part-time). The benefits from introducing this policy would go directly to those on the lowest incomes and it would help address the disincentives currently associated with low-paid employment.

Re-introduce a Windfall Gains Tax

The vast profits made by property speculators on the rezoning of land by local authorities was a particularly undesirable feature of the recent economic boom. In this regard, *Social Justice Ireland* welcomed the decision to put such a tax in place in 2010 and strongly condemned its removal as part of Budget 2015. Its removal has been one of the most retrograde policy initiatives in recent years. *Social Justice Ireland* believes that this tax should be re-introduced. Taxes are not just about revenue, they are also about fairness. A windfall tax level of 80 per cent is appropriate and this still leaves speculators and land owners with substantial profits from these rezoning decisions.

Replace the Local Property Tax with a Site Value Tax

Social Justice Ireland believes that the Local Property Tax should be replaced by a Site Value Tax. A Site Value Tax (SVT) is a charge on the value of land (i.e. the value of the site), not taking into account any of the physical capital built on the land. It is a charge on the 'unimproved value of the land'. In this way, the charge is related to the value of the location. It is calculated as a percentage of the value of the site. This provides a fairer and more appropriate policy instrument than the current value-based local property tax. It would lead to more efficient land use within the structure of social, environmental and economic goals embodied in planning and other legislation.

Conclusion

Tax policy will contribute to covering the costs of the crisis and policy responses to it. As we look to the future and rebuilding our social and economic infrastructure our taxation system will have a key role to play both in terms of our overall tax take, and how it is structured. A Just Taxation system needs to be a key part of an overall policy package for a new Social Contract, a package which includes a vibrant economy, decent services and infrastructure, sustainability and good governance.

Introduce a Minimum Effective Rate of Corporation Tax

The full cost to Ireland of the COVID-19 pandemic is as yet unknown. Our unemployment rate was 16.5 per cent in March 2020; the Stability Programme Update (SPU) estimated the cost of the pandemic at about €8 billion; and the Exchequer receipts for March 2020 were almost €1 billion lower than March 2019. *Social Justice Ireland* recently published our briefing on policy options for Ireland's Taxation System post-COVID 19. Here we explore one option in particular, an increase in Corporation Tax.

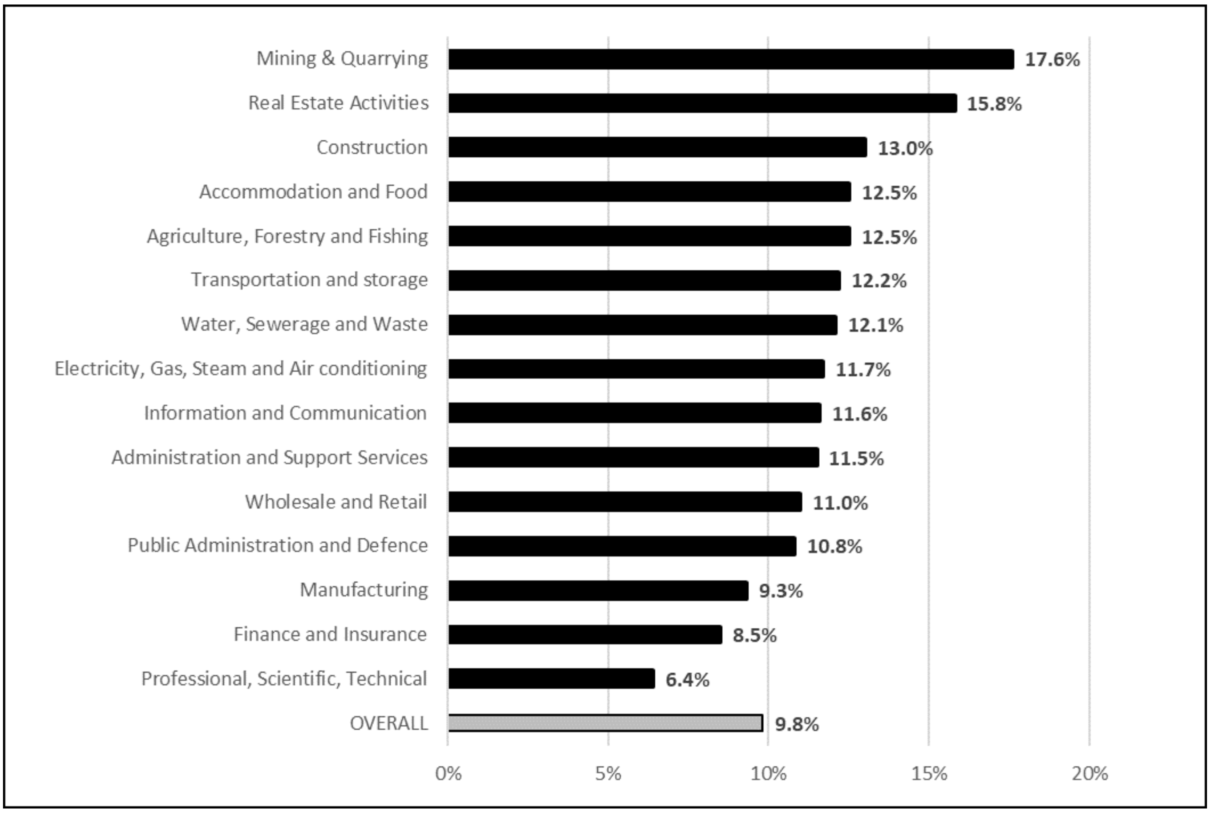
Over the past few years there has been a growing international focus on the way multi-national corporations (MNCs) manage their tax affairs. The OECD's Base Erosion and Profits Shifting (BEPS) examination has established the manner and methods by which MNCs exploit international tax structures to minimise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

Notwithstanding that we are in the midst of a global pandemic, given the timeliness and comprehensiveness of this work, it is important that it leads to the emergence of a transparent international corporate finance and corporate taxation system where multinational firms pay a reasonable and credible effective corporate tax rate.

This is not a new issue. A chapter within the 2016 Report of the Comptroller and Auditor General provided a welcome new insight into corporation tax receipts in Ireland. The report was the first comprehensive examination of this area for some time, even though corporation taxes comprise around 15 per cent of annual tax revenue. Looking at tax receipts for 2016 it found that there were 44,000 corporate taxpayers but that receipts were dominated by “a small number of taxpayers, mainly multi-national enterprises (MNEs)” (2017:289). Noting the fiscal risk associated with this, the report indicated that 37 per cent of the 2016 corporation tax was paid by the top 10 taxpayers and 70 per cent by the top 100 taxpaying companies. Four sectors accounted for 84 per cent of the €7.35 billion in revenue collected in 2016 and these were: financial and insurance activities (28 per cent); manufacturing including pharmaceutical manufacturing (25 per cent); information and communications (17 per cent); and wholesale and retail trade (14 per cent). The report noted that the three largest of these are sectors “dominated by MNEs” (2017:291).

Despite a low headline rate (12.5 per cent), to date there has been limited data on the effective rate of corporate taxation in Ireland. A report from the Department of Finance in 2014 explored the issue and the C&AG provides a more detailed assessment. Using the approach used by the Revenue Commissioners to calculate the effective tax rate, tax due as a proportion of taxable income, they found an overall effective corporation tax rate of 9.8 per cent in 2016. The effective rate varied between sectors and the C&AG findings are summarised in Chart 9. The C&AG findings for the effective rate among the top 100 corporate taxpayers, who account for 70 per cent of tax revenue, is summarised in Table 7.

Chart 9: Effective Corporation Tax Rates by Sector in Ireland, 2016



Source: C&AG (2017: 296)

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

Table 7: Effective Corporate Tax Rates of the Top 100 Taxpayers, 2016

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

Source: C&AG (2017: 299)

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

In a post-COVID-19 environment, it is likely that addressing the tax challenges of the digitalisation of the economy and ensuring that MNCs pay a minimum level of tax will be of even greater importance. The OECD notes that rising pressure on public finances may strengthen the push for a minimum effective corporate tax rate and that there will be a need to ensure that there is a level playing field in the levels of effective taxation between major MNCs and SMEs who may suffer disproportionately from the crisis. As the international tax landscape changes and there is a renewed focus on the international corporate tax system, the introduction of a minimum effective corporate tax rate would serve as another opportunity for Ireland to take a leadership role in implementing progressive moves relating to the international corporation tax system.

Social Justice Ireland therefore believes that an EU-wide agreement on a minimum effective rate of corporation tax should be negotiated and this could evolve from the discussions around a Common Consolidated Corporate Tax Base (CCCTB). We believe that the minimum rate should be set well below the 2018 EU-28 average headline rate of 21.9 per cent but above the existing low Irish level. A move towards a headline rate of 17.5 per cent and a minimum effective rate of 10 per cent seems appropriate. This reform would simultaneously maintain Ireland’s low corporate tax position and provide additional revenues to the exchequer. Based on the C&AG report the impact of such a reform would be confined to a small number of firms yet it is likely to raise overall corporate tax revenues. Rather than introducing this change overnight, agreement may need to be reached at EU level to phase it in over a period of time. In advance of Budget 2020, we proposed that the effective rate be adjusted to a minimum of 6 per cent – an opportunity regrettably missed.

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

Environmental Taxation

If a government is policy goals, it is important that its taxation system supports these goals. This is just as important for environmental goals as it is for economic and social ones.

There is great scope in Ireland for shifting the burden of taxation away from productive activity (or taxing people and organisations on what they earn by their own useful work and enterprise, or on the value they add or on what they contribute to the common good) and onto activity which reduces social wellbeing, depletes natural resources and biodiversity, harms the environment, and contributes to climate change. Instead, the taxes that people and organisations pay should, to the greatest extent possible, be based on the value they subtract by their use of common resources.

Social Justice Ireland has been saying for years that Ireland needs to have a real debate, not just about the levels of services and infrastructure it wishes to have in the coming decades, but also how these are to be financed. Environmental taxes have a role to play.

The role of Environmental taxes

Any programme for sustainable development has implications for public spending. In addressing this issue, it must be understood that public expenditure programmes and taxes provide a framework which help to shape market prices, as well as rewarding certain activities and penalising others.

Social Justice Ireland has been saying for years that Ireland needs to broaden the tax base. Environmental taxation can pay a key role here. Eco-taxes, which put a price on the full costs of resource extraction and pollution, would help with the transition towards a resource efficient, low carbon green economy. It is important that the taxation system reflect the environmental and social costs of goods and services, as well as the cost of production. This is line with recommendations from the European Commission. A carbon tax will play a key part in this regard.

The carbon tax is probably the most high-profile environmental tax of the last few years. The Climate Change Advisory Council recommends that it rise to €80 per tonne of CO2 emitted by 2030. *Social Justice Ireland* welcomes the commitment in the Programme for Government to go even further, increasing it to €100 per tonne.

We have consistently proposed that revenues from carbon taxes are used to support households in energy poverty to improve energy efficiency, and in low-carbon technologies to improve the energy efficiency of the housing stock. It is vital that any carbon tax is well-designed and accompanied by the necessary measures to assist people and communities to transition to low-carbon alternatives.

When considering environmental taxation measures to support sustainable development and the environment, and to broaden the tax base, the Government should ensure that such taxes are structured in ways that are equitable and effective and do not place a disproportionate burden on rural communities or lower socio-economic groups.

Other transport-based taxes

The Sustainable Energy Authority's Energy in Ireland 2019 report outlines the challenges Ireland faces in reducing emissions from transport. In particular the report notes energy use for air travel reached an all-time high in 2018 and is now second only to private cars as a share of transport energy. The time has come to look at the aviation sector and the policy levers that are available to ensure that it makes a contribution to our climate targets.

Jet kerosene is currently not subject to Mineral Oil Tax, yet air travel is a significant polluter. In a first step to address this anomaly, and as part of a comprehensive carbon policy to meet our national climate-related targets, *Social Justice Ireland* proposes the introduction of a Commercial Air Transport Tax[99].

Under our proposal, airlines and business air charter companies operating in Ireland would pay a per-passenger charge of between €5 and €30, depending on destination, on all

[99] https://www.socialjustice.ie/content/policy-issues/its-time-price-flying-reflected-true-cost

commercial flights with a seating capacity greater than 10 departing Irish airports. Had such a tax, in the format we propose, been in place in 2019 it would have yielded approximately €210m.

Transport emissions have increased in recent years in line with economic growth, and any improvements made during the recession which resulted from the financial crisis have been undone. Significant investment is needed to develop a public transport network powered by electricity and renewable energy. To encourage electric car use the national charging infrastructure must be upgraded and the tax on electric vehicles should be reduced to make them a more affordable option. Last year we proposed that the Electric Vehicle Grant be increased by €1,000 in Budget 2020, and that there should be additional resources to expand and develop the re-charging infrastructure for electric vehicles.

Government policy must examine how to discourage private car use, particularly in urban areas, in conjunction with the provision of accessible and quality public transport and an improved cycling network all forming part of a transition to a low-carbon transport system.

Among the other environmental tax options promoted by *Social Justice Ireland* in recent years:

- The introduction of an aggregate levy of €2.50 per tonne, to promote the recycling of aggregates (rocks, sand and gravel) in the building industry, and the re-use of old buildings.
- The introduction of a 15c levy on single use coffee cups to reduce the level of municipal waste going to landfill and promote the use of re-usable, biodegradable and compostable products.

The role of Environmental subsidies

Subsidies are also an element of the environmental tax code that should be reviewed. There are several tax-based subsidies within the Irish tax-code that create positive incentives, but unfortunately many more that produce negative outcomes.

In 2018, €1.1 billion was paid in environmental subsidies and similar transfers to Irish corporations, households, public bodies, as well as to international environmental organisations under Irish government commitments, according to the CSO. This represents a 20 per cent increase of environmental transfers paid in 2018 compared with 2017[100].

An environmental subsidy or similar transfer is a current or capital transfer which is intended to support activities that protect the environment or reduce the use and extraction of natural resources. Environmental protection activities aim to prevent or reduce pollution and other negative impacts on the environment. Resource management activities aim to preserve natural resources against over-consumption.

Environmental protection transfers were worth €584 million in 2018, or 53 per cent of the total. Resource management activities received 47 per cent of environmental transfers in 2018, worth €520 million.

These subsidies are broadly positive, as they encourage good behaviour from corporations, households, and public bodies. However, not all government subsidies have a positive effect on the environment, as highlighted by a report published last year, also by the CSO[101].

The report listed some of the ways Ireland directly and indirectly provides support for fossil fuel extraction and consumption, as well as other actions that are potentially damaging to the environment. It estimated that in 2016, the total amount in direct subsidies and revenue foregone due to preferential tax treatment supporting fossil fuel activities in Ireland was €2.5 billion, while a further €1.6 billion supported other potentially environmentally damaging activities. That's a total amount for potentially environmentally damaging subsidies of €4.1 billion in one year. Supports to fossil fuel

100 https://www.cso.ie/en/releasesandpublications/er/esst/environmentalsubsidiesandsimilartransfers2018/

101 https://www.cso.ie/en/media/csoie/releasespublications/documents/rp/fossilfuelandsimilarsubsidies/Fossil_Fuel_and_Similar_Subsidies.pdf

activities increased on a year by year basis from 2012 to 2016 from €2.3 billion in 2012 to €2.5 billion in 2016.

More than half a billion euros (€534 million) was spent on direct supports for fossil fuel use in 2016. The Public Service Obligation levy – commonly known as the PSO, a levy *Social Justice Ireland* has campaigned for the abolishment of for years – to support peat-powered electricity and welfare programmes like the fuel allowance accounted for approximately 93 per cent of this spend. However, as has recently been pointed out by the Nevin Economic Research Institute (NERI)[102], the larger part of government supports for fossil fuel use – and implicit subsidisation – occurred through exemptions in the tax code. The government levies lower excise on Auto-diesel, Marked Gas Oil, Kerosene, Aviation fuel and fuel oil than it does on unleaded petrol. If the state had levied the same excise on these fuels in 2016, an additional €2 billion extra in tax could have been collected. This is over 3 per cent of the total tax take in 2016. If rates of excise reflected the amount of carbon in these fuels, additional revenue would have been higher.

The PSO levy for peat generation and gas supply and other fossil fuel subsidies, which encourage activity that is damaging to the environment, should be immediately removed and the subsequent savings invested in renewable energy.

By eliminating these harmful subsidies and investing in renewable energy and schemes to address energy poverty Ireland will be in a much better place to meet our energy targets. This is a policy that Government can begin to implement immediately, and would be in line with the Climate Change Advisory Council's proposal that Government design a strategy to remove fossil fuel subsidies, including the accelerated removal of price supports for peat generation and the introduction of a carbon price floor.

Peat-fired electricity pollutes the environment and is costly to consumers. This is an issue that *Social Justice Ireland* has been consistently highlighting to Government for the past number of years, and so we welcome the retraction of PSO support for

[102] https://www.nerinstitute.net/blog/harmful-fossil-fuel-subsidies-mistaken-policy

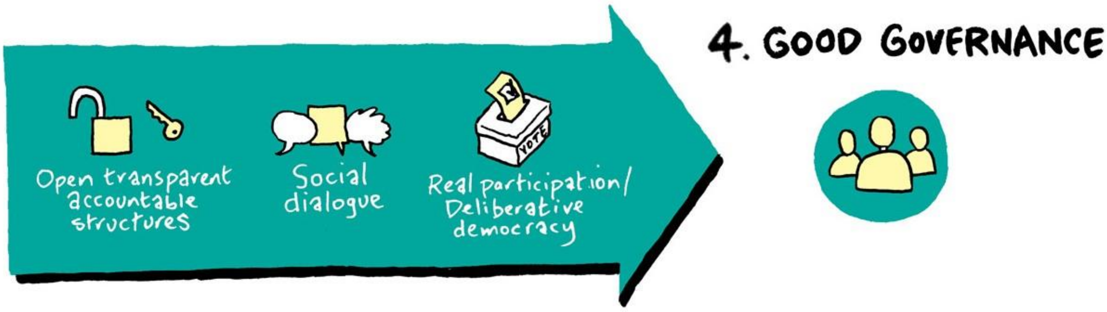
electricity generated from fossil fuels in power stations at Edenderry and Lough Ree.

Systematic reviews should be carried out and published on the sustainability impacts and implications of all public subsidies and other relevant public expenditure and tax differentials.

Conclusion

Environmental taxation enforcing the polluter pays principle and encouraging waste prevention can help to decouple growth from the use of resources and support the shift towards a low carbon economy. In order to promote sustainable development, it will be necessary to develop an economic system that rewards activities that are socially and environmentally beneficial or benign. This, in turn, would make it easier for people and organisations to make choices that are socially and environmentally responsible. Incorporating social and environmental costs in regulating and pricing both goods and services, combined with promoting those goods and services which are sustainable, should become part of sustainable development policy.

In designing taxes or incentives transitional measures, regional differentiation, the availability of alternatives, and differences in purchasing power should all be taken into account. When designing environmental taxes, it is also vital that revenues generated should be used to offset any regressive impacts. In this way social and regional impacts can be minimised and vulnerable people and communities can be protected.



Introduce Social Dialogue to deliver a Social Contract

Government needs to engage all sectors of society in addressing the huge challenges Ireland currently faces. Social dialogue and social partnership, in various forms, are common across Europe's most successful economies and can play an important role in creating a fair and sustainable economic recovery here in Ireland.

A social dialogue process would be a very positive development for Ireland, and given the disruption caused to the economy and society by the current coronavirus pandemic, such a process is increasingly important. The Ireland that emerges from this crisis will look very different to the one we knew only a few short months ago. A new structure for dialogue and partnership at both a local and national level is required where the key issues - those which existed before the pandemic, and those being created as a result of it – can be discussed in a deliberative manner.

There is a real danger that the economic recovery from the pandemic will be spread unevenly. This happened after the financial crisis of 2008/2009, where some in society experienced significant increases in wages and profits, while homelessness and deprivation rates reached record levels, and waiting lists and trolley numbers in our healthcare system increased. In the absence of some kind of national social agreement, the strongest can fight their corner in the open market or the political realm while the weakest are left behind. The issues that require addressing go beyond wages and taxation. Domestic business will be crucial to economic recovery, while the pandemic has served to highlight the flaws and inadequacies in Ireland's public services.

A new format of social partnership can address these and other issues, and build a fair and sustainable recovery. But it cannot be the partnership of the Celtic Tiger years. Those partnership agreements traded worker wage-restraint for tax cuts on the part of government. In the context of high tax rates and improving public finances these deals made sense for a period of time. Today's crisis is very different.

Ten Important Features of a Social Dialogue Model

- Government needs to engage all sectors of society. Otherwise lop-sided outcomes that benefit those who are engaged in the dialogue process will emerge. Excluding stakeholders will lead to further inequality and social exclusion. *Social Justice Ireland* suggests the following six sectors of society to represent the key stakeholders:
    - Government
    - Employer representative groups
    - Trade Unions
    - Farming and Agricultural bodies
    - The Community & Voluntary Sector
    - Environmental organisations
- Government plays a unique role in the dialogue process. It provides the arena within which the process operates. It must also share some of its authority with social dialogue participants.
- The process should reflect the inter-dependence between the stakeholders. This is necessary because no party or sector can achieve its goals without a significant degree of support from the others.
- Social dialogue should not be scheduled to occur after there has been agreement on pay and taxation and related issues between trade unions and employer groups. This is so that the process cannot be portrayed as those who are not part of the pay talks being left to discuss what is to be done with the 'left-overs'.
- The participation of the different sectors should be on an equal basis. Power imbalances must be left at the door.

- Debate and discussion should be informed and supported by credible data and other evidence, not ideology or special interest.
- Participation should be characterised by a problem-solving approach which seeks to produce a consensus in which various groups can address problems together. It must be accepted that this will involve trade-offs between and within interest groups.
- Dialogue and partnership should involve different participants on various agenda items ranging from national macro-economic policy to local development, and across all key policy areas. Sector representatives should be given an opportunity to set out an overarching position if they wish to do so, rather than just being confined to providing inputs on particular issues.
- Government must be seen to be open to approaches that vary from its own as long as those approaches acknowledge fiscal realities, credible evidence, and the need for just outcomes and sustainability.
- There are lessons to be learned from the old social partnership process. It is important that this learning is based on evidence and not on the caricature of social partnership that is often presented by commentators.

Four Key Outcomes

The process of Social Dialogue/Partnership should aim to produce four key outcomes:

1. A national wage bargain to provide wage increases that would be steady, more modest than the strongest employees could get on the open market but better than the raises that the weakest workers could negotiate. The process could also address issues like the National Minimum Wage. Done well, this could help to boost demand, support competitiveness, and promote an egalitarian recovery.

2. Just as important as pay and taxation – sometimes more important – to people's living standards is what is known as 'the social wage' i.e. the publicly funded

services and infrastructure which most people rely on to underpin their standard of living. Government can improve living standards for workers and broader society through a better social wage. This can be delivered in the policy areas of health, childcare, public transport, education and training, pension provision, housing, and others. Just three examples:

- Fewer people would feel the need to spend thousands of euros annually on private health insurance if Ireland had a robust single-tier accessible universal healthcare system.
- People would spend substantially less on childcare were it better subsidised by the State.
- People would pay lower rents if government got the housing crisis under control.

Unless public services and infrastructure are addressed at the same time as pay and taxation, the concerns of only a part of the population will be given priority. Ensuring this is avoided requires explicitly factoring in the needs of all at the beginning of the process.

3. Government can also promote a 'productivity dividend' through additional measures based on enabling credit for firms to invest and supports for upgrading the capabilities of companies and the skills of their labour forces. Irish domestic business has long been hampered by low levels of investment in the upgrading of companies, weak financing for such investment and by poor supports for their labour forces' skills and participation. A new model of dialogue and partnership both challenges firms to upgrade and supports them in doing so.
4. A sustainable society should be a key goal of the partnership process. By sustainability, we of course mean from an environmental perspective, but also from economic and social perspective too. It would require that resources be harnessed to plan for Ireland's recovery, to secure macroeconomic stability, strengthened social services and infrastructure, to build a just tax system, and to generate good governance and sustainability.

These four items might form part of a new Social Contract.

Social Dialogue would benefit the Economy and SocietyWhile it is important to deal with pay and taxation issues and map out the road ahead for some years to come, it must also be recognised that:

- Any proposal for social dialogue involving only some sectors and not others would fail to recognise the complementary nature of economic, environmental and social development. It would also ensure that most of Ireland's resources would be captured only by those participating.
- If Government wishes the whole of society to take responsibility for producing a more just and viable future then it must involve all of society in the negotiating this future. Responsibility for shaping the future should be shared among all stakeholders. When groups have been involved in shaping decisions they are far more likely to take responsibility for implementing these decisions, difficult and demanding as they often may be.
- Many people do not have jobs and therefore do not have an income from employment. These include older people, many of those who are ill or have a disability, as well as those who are unemployed. Many are among the most vulnerable in Irish society. Improvements on pay and taxation will be of no direct benefit to them.
- The necessary issues to be negotiated should be approached in an integrated manner, rather than one at a time.
- Government will make the final decisions on all policy issues. That has always been the case. But it is important that any new approach adopted by Government is integrated and inclusive.

A process of social dialogue involving all and not just some of the sectors in Irish society would be a key mechanism in maximising resources to plan for Ireland's recovery, securing macroeconomic stability, strengthened social services and infrastructure, building a just tax system, and generating good governance and sustainability.

A new social dialogue along the lines outlined above can recapture these strengths of earlier periods of social partnership without the failings of the 2000s. The most competitive and egalitarian economies in Europe operate on this model – supporting the development of their businesses, investing in their populations, and protecting their societies. There are many forms that partnership agreements can take. It is time for a conversation about how social dialogue can help foster a sustainable recovery that will boost development, improve wellbeing, and invest in the future of businesses, citizens and communities.

Real Participation requires Local Government Reform

Community volunteers have rightly been in receipt of high praise for their response to the COVID-19 crisis. This community spirit and volunteerism provides essential services and supports, particularly in the context of a pandemic where many vulnerable people are unable to access basic goods and services on their own behalf. This community spirit is to be commended, however valuing that engagement, and harnessing it for real social change remains a challenge in the context of a highly centralised Government structure.

Decision Making

Ireland has a particularly centralised Government. In their chapter *Democratic Revolution? Evaluating the Political and Administrative Reform Landscape after the Economic Crisis,* Reidy and Buckley list the degree of Government centralisation as one of four key symptoms in the "diagnosis of failure across the Irish political landscape"[103].

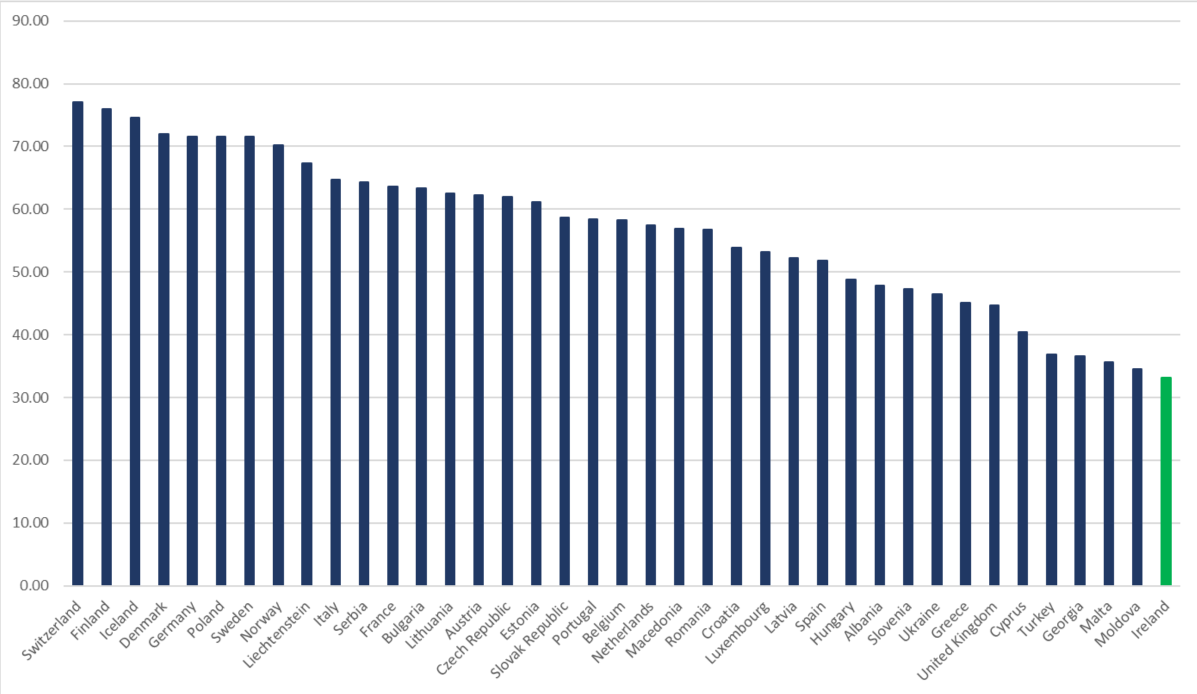
According to the European Commission's Self-Rule Index for Local Authorities, a measurement of Local Government autonomy based on a common code book developed to produce a 'Local Autonomy Index'[104], Ireland ranked the lowest

[103] Reidy, T. and Buckley, F. (2017) 'Democratic revolution? Evaluating the political and administrative reform landscape after the economic crisis'. Administration, 65 (2):1-12. doi:10.1515/admin-2017-0012

[104] https://ec.europa.eu/regional_policy/en/information/publications/studies/2015/self-rule-index-for-local-authorities-release-1-0

in terms of autonomy, even after the introduction of the Local Government Reform Act, 2014 (Chart 10).

Chart 10: Local Autonomy Index, 2014



Source: Local Autonomy Index Datasets, European Commission, 2015

The Local Autonomy Index Ireland Report cited 2013/2014 as being the period in which the biggest changes happened at Local Government level since the introduction of the dataset in 1990, with "the abolition of town and borough councils, amalgamation of certain city and county councils, introduction of a new residential local property tax and the loss of water services from the local authorities to a new public utility company." (page 1). Many of these "managerial, administrative and other public sector reform measures" were ushered in on the back of the Troika Bailout agreement following the 2008 economic crash, however according to a paper by MacCarthaigh and Hardiman[105] the Troika was invoked as an excuse by senior officials to push through reforms they themselves wanted. This over-reaching by senior officials is summed up by the authors who state "Once they could no longer shield difficult decisions from public criticism and

[105] https://journals.sagepub.com/doi/epub/10.1177/0952076718796548

political pushback by blaming them on the Troika, normal electoral considerations were likely to reassert themselves".

The report of a study commissioned by trade union Fórsa last year also aligns with the above, stating that Irish local authorities perform fewer functions than municipalities across Europe, with their roles largely confined to physical infrastructure and environmental and recreational services[106].

With few formal functions and a weak financial base, local government in Ireland is particularly ineffectual[107]. Many of the services traditionally provided by Local Authorities, e.g. provision of social housing, bin collection, water services have been privatised over the past number of years at a considerable additional cost to the tax payer.

Local Authority Budgets

The Fórsa report referred to earlier also found that only 8 per cent of Irish public spending occurs at local government level, compared to an EU average of over 23 per cent, and that a quarter of the Irish spend is not fully under local authority control[108].

According to Reidy and Buckley "the narrow tax base and limited revenue powers meant that the impact of the [2008] economic crisis was rapid and severe at the local level and there was little capacity for local politicians to influence the incidence of the retrenchment"[109].

General Government Grants accounted for 35 per cent of Local Government income for 2020. Commercial Rates accounted for 29 per cent, and Local Property Taxes just 5 per cent (Chart 11). We are now facing another economic crisis. With over one-third of the Local Government Budget coming from Central Government, any constriction of General Government expenditure is likely to have a severe impact on Local Government capacity.

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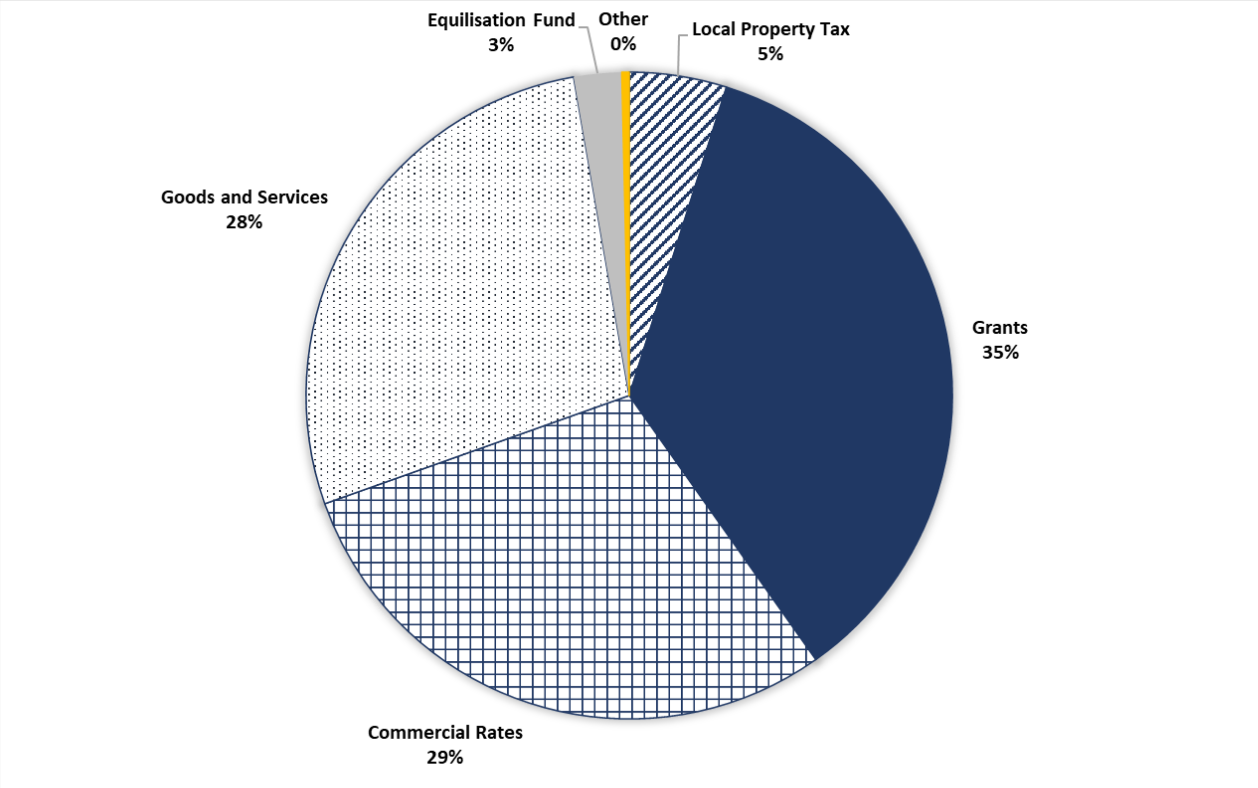
106 https://www.forsa.ie/wp-content/uploads/2019/03/MorePowerReport.pdf

107 Reidy, T. and Buckley, F. (2017) 'Democratic revolution? Evaluating the political and administrative reform landscape after the economic crisis'. Administration, 65 (2):1-12. doi:10.1515/admin-2017-0012

108 https://www.forsa.ie/wp-content/uploads/2019/03/MorePowerReport.pdf

109 [sic]

Chart 11: Local Government Income, 2020



Source: www.localauthorityfinances.com

Note : Other includes Provision for Credit Balance and Pension-Related Deduction

Participation

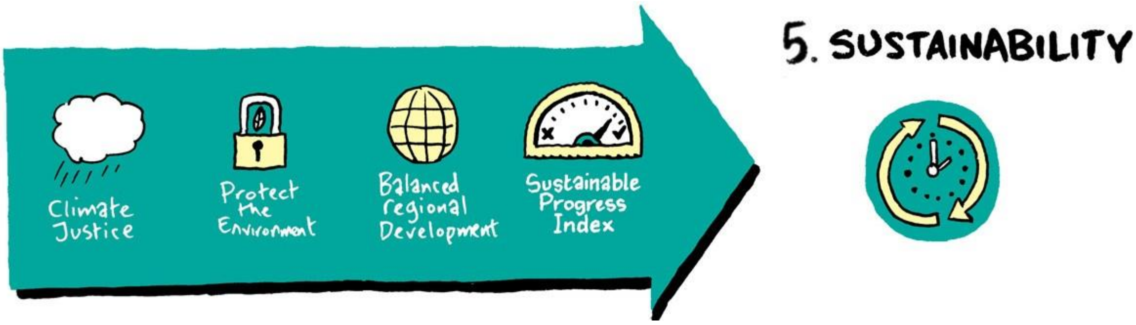
One positive impact of the Local Government Reform Act 2014 was the introduction of the Public Participation Networks (PPNs). The PPN recognises the contribution of volunteer-led organisations to local economic, social and environmental capital. It endeavours to facilitate input by these organisations into Local Government through a structure that ensures public participation and representation on decision-making committees within Local Government. Local Authorities and PPNs work together collaboratively to support communities and build the capacity of member organisations to engage meaningfully on issues that concern them. PPNs have a significant role in the development and education of their member groups, sharing information, promoting best practice and facilitating networking. Local Authorities also have a vital role to play in facilitating participation through open consultative processes and active engagement. Building real engagement at local level is a developmental process that requires intensive work and investment.

However, notwithstanding improvements in public participation, if Local Government so restricted as to be ineffective, participation at local level can only ever have limited impact.

Need for Reform

In their chapter on Government reforms, Reidy and Buckley had a prescient warning that, as the economy surfaced from the effects of the 2008 financial crash, “the sustainability of these reforms will come into question as demands from various stakeholders increase, risking a return to short-termism in policy planning, inefficiencies in public expenditure and, ultimately, the undermining of public sector reforms”. Short-termism in respect of large-scale infrastructure projects such as the National Children’s Hospital, housing at O’Devaney Gardens, and the continued delay with the implementation of Sláintecare has seen costs rise exponentially from tender quotes and little in the way of policy planning.

An over-centralised Government creates a barrier to meaningful participation. While a significant amount of work is conducted by the PPNs, as evidenced by their Annual Reports, whether this work can deliver deliberative democracy is questionable in the context of a week and ineffectual Local Government.



A Green New Deal for Ireland

As we look towards the future and rebuilding our society and our economy the Government must consider how we can ensure that our recovery package and investment priorities post COVID-19 help us build a sustainable society and economy, and also move us towards a just transition and meeting our climate targets by 2030.

Ireland faces emissions challenges but we now have an opportunity to ensure that our investment strategy supports a just transition, reduces emissions and rebuilds a vibrant society and economy.

International Response

The OECD has called on governments to systematically evaluate the environmental implications of support and recovery measures to businesses and industries and their alignment with longer-term decarbonisation plans and environmental objectives[110]. The OECD notes that "whilst COVID-19 has caused a severe international health and economic crisis, failure to tackle climate change may threaten human well-being, ecosystems and economies for centuries". To this end it is vital that COVID-19 stimulus packages help the economic grow back greener, with lower emissions and that any sector-specific financial measures or bailout packages are accompanied by sector specific measures for emissions reductions and improved environmental performance. In short support provided to companies should be increasingly accompanied by stronger environmental standards. Signals from carbon prices, emission

110 https://read.oecd-ilibrary.org/view/?ref=129_129937-jm4ul2jun9&title=Environmental-health-and-strengthening-resilience-to-pandemics

standards, environmental taxes and environmental regulations must be maintained.

The OECD[111] strongly recommends that governments "ensure the post-COVID recovery integrates inclusiveness with climate and biodiversity concerns, otherwise future generations will be responsible not only for repaying the massive debt that is now being built up, but also for shouldering the burden of dealing with future crises linked to climate change and biodiversity loss. Poverty and income inequality can limit severely their chances to emerge stronger in the post-COVID world. A just, net-zero emissions and resilient recovery should create new opportunities for all and reduce inequalities in outcomes".

The European Network of Advisory Councils on Climate Change, the Environment and Sustainable Development (EEAC) have called upon governments to focus on strengthening social, economic and environmental resilience, to ensure a just transition to a sustainable economy and society where no one is left behind[112]. In fact the EEAC note that the crisis makes ensuring that current investments are future-proof more urgent than ever and that EU environmental policies should be seen as a tool to steer the economy towards a sustainable future for the sake of societies and in order to make the economy itself future-fit and resilient. The EEAC proposes that a strengthened European Green Deal should be used as a framework for a pathway out of the crisis.

Trade versus Sustainability?

First and foremost a Sustainable or Green recovery from Covid-19 for economies and society requires policy coherence whereby all of the policies pursued are socially, environmentally and economically sustainable. Economic and trade policies should support social and environmental goals and objectives, not hinder them. This will require a significant shift from the Irish government, and at a European Union level.

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[111] https://read.oecd-ilibrary.org/view/?ref=129_129937-jm4ul2jun9&title=Environmental-health-and-strengthening-resilience-to-pandemics

[112] http://eeac.eu/wp-content/uploads/2020/04/Responding-to-Covid19-Building-social-economic-and-environmental-resilience-with-the-European-Green-Deal.pdf

A case in point is the trade policy being pursued by the European Union via the EU-Mercosur trade deal and the 'European Green Deal' launched by the European Commission in December 2019[113].

These two policies seem to be entirely at odds with each other.

The 'European Green Deal' is a roadmap to transform the European economic model by moving to a circular economy, reversing and averting biodiversity loss, and addressing climate change. The Green Deal for Europe contains a political commitment to become the first climate neutral continent by 2050.

Proposals in the European Green Deal include:

- A European 'Climate Law' to enshrine the 2050 climate neutrality objective;
- An increase the EU's greenhouse gas emission reductions target for 2030 to at least 50 per cent, and towards 55 per cent, compared with 1990 levels;
- The introduction of a carbon border mechanism if required to ensure the price of imports accurately reflects their carbon content;
- The Greening of the Common Agricultural Policy (CAP) with a Farm-to-Fork strategy;
- Integration of SDGS into the European Semester
- A minimum of 40 per cent of the CAP budget and 30 per cent of the Maritime Fisheries budget are to contribute to climate action. National plans for agriculture are expected to fully reflect the ambition of the Green Deal and Farm-to-Fork strategy;
- All EU policies should contribute to preserving and restoring Europe's natural capital. At a national level Ireland should ensure that as part of a new National Progress Index that all policies are assessed as to their contribution to preserving and restoring our Natural Capital;
- The adoption by the European Commission in 2021 of a zero-pollution action plan for air, water and soil.

[113] https://ec.europa.eu/info/sites/info/files/european-green-deal-communication_en.pdf

> This has implications for Ireland and should provide the political impetus to implement a nationwide ban on smoky coal.

The EU-Mercosur trade agreement undermines the commitments and ambitions of the 'European Green Deal'. If ratified by the European Parliament the EU-Mercosur trade deal will eliminate tariffs on roughly 90 per cent of Mercosur's exports to the EU over 10 years – chiefly agricultural products such as beef, poultry, and fruit and in turn, EU companies would pay less tax to export products – mostly machinery, car parts, and dairy products like cheese – to Mercosur.

This deal would lock the European Union into an unsustainable economic model, entirely at odds with the stated aims of the Green Deal for Europe. How is importing significant amounts of agricultural products such as beef, poultry and fruit (which the EU itself already produces) and the increased emissions that this will inevitably lead to supporting one of the stated aims of the Green New Deal – Greening of the Common Agricultural Policy (CAP) with a Farm-to-Fork strategy. What incentive is there for Irish famers and their counterparts across the European Union invest in sustainable forms of agriculture and the Farm-to-Fork Strategy if they have to compete with agricultural imports from the other side of the world? A detailed analysis of the deal itself and the potential impact on the environment, biodiversity, climate change notes concludes that it will not support strengthening clean and short supply chains, product pricing by carbon footprint or binding environmental standards[114].

The European Union and the countries that comprise the Mercosur trading bloc are also all signatories to the Paris Agreement. This trade agreement is entirely at odds with the international climate commitments that the European Union and the countries that comprise the Mercosur trading bloc all signed up to, and it is difficult to see how there is any policy coherence between pursuing and investing in a Green Deal for Europe, supporting a Just Transition and simultaneously supporting trade policies that will increase emissions, support

[114] https://extranet.greens-efa.eu/public/media/file/8650/6294

long supply chains and damage rural livelihoods on both sides of the globe.

Investment, recovery and our climate ambitions

Globally the focus is slowly moving towards ensuring the investment in our social and economic recovery after Covid-19 is sustainable. A recent report from Smith School at Oxford University notes that the recovery packages, soon to be designed and implemented, will reshape the economy for the longer-term, representing life and death decisions about future generations, including through their impact on the climate[115]. The report recommends that governments should steer investment towards a productive and balanced portfolio of sustainable physical capital, human capital, social capital, intangible capital, and natural capital assets consistent with global goals on climate change. The authors are clear that any recovery package must also address existing concerns such as poverty, inequality and social inclusion.

The authors of the report found that in terms of expansionary policies, government spending on investment appears preferable to tax reductions, delivering higher multipliers. The report also found that recovery packages could exacerbate intergenerational inequities if they are focused on consumption, rather than productive investment delivering sustainable returns for future generations. [116]

The report identified five policy areas with high potential on both economic multiplier and climate impact metrics**.**

1. Clean Physical Infrastructure
2. Building Efficiency Retrofits
3. Investment in Education and Training
4. Natural Capital Investment
5. Clean Research and Development

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https://www.smithschool.ox.ac.uk/publications/wpapers/workingpaper20-02.pdf

116

https://www.smithschool.ox.ac.uk/publications/wpapers/workingpaper20-02.pdf

These have obvious implications for Ireland 2040 (National Development Plan) and for public policy. Renewable energy and clean energy infrastructure are job intensive and they offer high returns on public investment as they drive down the cost of transition to clean energy. Residential and commercial retrofitting, natural capital spending in areas such as rural ecosystems, biodiversity and expanding parkland are identified as fast-acting climate friendly policies that will have an immediate impact and long-term returns. Natural capital spending is identified as particularly appropriate in current circumstances because worker training requirements are low, many projects have minimal planning and procurement requirements, and most facets of the work meet social distancing norms.

Ensuring a sustainable recovery

The investment plans associated with Covid-19 recovery will be critical in setting the environmental pathway for the next few decades, and crucial for Ireland's climate ambitions and targets. The OECD recommend three overarching principles to accelerate a fair, low-carbon recovery. The Government should adopt these when developing Ireland's post-Covid investment strategy.

1. **Aligning the short-term emergency responses to the achievement of long-term economic, social and environmental objectives** and international obligations (the Paris Agreement and the SDGs). This includes, in the short run, securing jobs while avoiding unconditional subsidies to polluting activities.
2. **Preventing both lock-in of high-emissions activities and worsened well-being of those in the bottom 40per cent of the income distribution**. COVID-19 has dramatically worsened the conditions of vulnerable groups, both in advanced and developing economies. The efforts to build an inclusive and sustainable future must prioritise a fair transition to a low-carbon economy.
3. **Systematically integrating environmental and equity considerations into the economic recovery and stimulus process**. Support to the most affected sectors and investment in infrastructure must pass the test for contributing to a low carbon economy going forward.

Translating the OECD principles to the Irish context the Government should:

Integrate a Sustainable Development Framework into economic policy. This would ensure that policies are socially, economically and environmentally sustainable. Sustainable development is defined as 'development which meets the needs of the present, without compromising the ability of future generations to meet their needs'. It encompasses three pillars; environment, society and economy. A sustainable development framework integrates these three pillars in a balanced manner with consideration for the needs of future generations. Maintaining this balance is crucial to the long-term development of a sustainable resource-efficient future for Ireland.

Develop a new National Index of Progress. We must look beyond growth and take a new approach to economic policy which recognises the equal importance of social and environmental issues . Government should develop a new National Index of Progress encompassing environmental and social indicators of progress as well as economic ones. By measuring and differentiating between economic activities that diminish natural and social capital and those activities that enhance them, we can ensure that our economic welfare is sustainable.

This would involve moving beyond simply measuring GPD, GNI and GNI* and including other indicators of environmental and social progress. Indicators such as the value of unpaid work to the economy and the cost of depletion of our finite natural resources among others would be measured. Wellbeing indicators such as health (physical and mental), economy and resources, social and community development, participation, democracy and good governance, values, culture and meaning and environment and sustainability would be an appropriate frame for developing a new National Index of Progress.

Investment underpinned by a Just Transition Strategy. One of the fundamental principles of a Just Transition is to leave no people, communities, economic sectors or regions behind as we transition to a low carbon future. Transition is not just about reducing emissions. It is also about transforming our society and our economy, and investing in effective and integrated social protection systems, education, training and lifelong learning, childcare, out of school care, health care, long term care and other quality services, Social investment must be a top priority of transition because it is this social investment that will support those people, communities, sectors and regions as we make the difficult transition to a carbon-neutral economy, transforming how our economy and society operates. Transition to a sustainable economy can only be successful if it is inclusive and if the social rights and wellbeing of all are promoted.

Policy considerations for a sustainable recovery and a 'Green New Deal' for Ireland:

- The Government should put clean energy technologies at the heart of their plans for economic recovery. Investing in those areas can create jobs, make economies more competitive and steer the world towards a more resilient and cleaner energy future[117].
- Any additional financial supports or bailouts for fossil fuel industries should be conditional on these industries developing a measurable plan of action to transition towards a net-zero emissions future.
- Set ambitious emissions reduction targets for 2030 and ensure sufficient resources to support implementation of these targets.
- Develop a progressive and equitable environmental taxation system.
- Develop a new National Index of Progress encompassing environmental and social indicators of progress as well as economic ones.
- Mainstream biodiversity into economic decision-making and reform subsidies harmful to biodiversity, including in the agricultural sector.
- Develop and implement an ambitious and effective Post-2020 Global Biodiversity Framework under the United Nations Convention on Biological Diversity and scale up policies to support our biodiversity.
- Adopt targets and a reporting system for each of the Sustainable Development Goals.

[117] https://www.iea.org/news/global-energy-demand-to-plunge-this-year-as-a-result-of-the-biggest-shock-since-the-second-world-war

- Integrate a Sustainable Development Framework into economic policy.
- Introduce a strategy for Ireland that includes the principles of the circular economy and cradle-to-cradle development.
- Introduce shadow national accounts, and assign value to natural capital and ecosystems in our national accounting systems.
- Develop a comprehensive mitigation and transition programme to support communities and people in the transition to a low carbon society.
- Develop a progressive and equitable environmental taxation system.
- Develop a Just Transition Dialogue structure at regional and national level.

Balanced Regional Development

As we navigate through the global crisis caused by COVID-19, it is clear that rural areas will bear a significant social and economic impact over the long-term. The challenges that faced rural Ireland prior to the current pandemic remain, and new challenges have emerged, not least the impact of a potentially prolonged period of unemployment on areas that were already struggling.

Challenges facing rural Ireland

Some of the key issues in rural Ireland prior to the current pandemic that still have to be addressed are:

- Rural areas generally have an older population, higher rates of part-time employment, lower median incomes, higher dependency ratios and higher poverty rates than the national average.
- The average distance to most everyday services for people in rural areas is at least three times longer than for people in urban areas. For supermarkets, GPs and pharmacies, the average travel distance was seven times longer for rural dwellings. This raises challenges for delivery of services.

- The driver of the rural economy in Ireland has moved from the primarily agricultural to a more diverse base involving services, manufacturing, tourism and others.
- Two out of every five jobs in Ireland are at high risk of automation with towns where employment is dominated by agriculture and manufacturing most exposed to the impact of automation on employment[118].
- Supporting rural households to ensure that they have sufficient incomes will be crucial to the future of rural Ireland.
- High quality and connected public transport links and sustainable regional employment opportunities are vital to the future of rural economies.
- Lack of quality broadband is a considerable barrier to the sustainable development of rural Ireland.

The impact of Covid-19 on the regions per from the Department of Employment Affairs and Social Protection gives an outline of the immediate impact Covid-19 in terms of job losses and wage supports on a county and regional level[119].

Some of the key findings of this paper are:

- By the week ending April 24th, 2020 there were more than 1.1m persons in receipt of State support interventions to the labour market, including those on the Live Register and those in receipt of the newly introduced Pandemic Unemployment Payment (PUP) and the Temporary Wage Subsidy Scheme (TWSS)[120]. In addition, there was an increase in those availing of short-time working arrangements.
- While there have been job losses in all sectors, individuals working in tourism, hospitality, food and retail have seen the largest job losses.
- The hit to these sectors will be potentially long lasting for two reasons. First, they are dependent on international travel which is likely to be subject to

[118] https://www.ucc.ie/en/media/projectsandcentres/srerc/SRERCWP2019-1_upload.pdf
[119] https://assets.gov.ie/73799/2aa16fdcf3344493bbb79cec4f9071c0.pdf
[120] This has since increased to 1.2 million (see https://www.gov.ie/en/news/7fc9de-update-on-payments-awarded-for-covid-19-pandemic-unemployment-paymen/

restrictions and an abundance of caution until the virus has abated entirely. Second, domestic consumers are likely to curtail demand for social activities for a similar time.

- The Wage Subsidy Scheme (TWSS) - the share of employers using the scheme is heavily weighted towards smaller firms; with over 80 per cent of employers availing of the TWSS seen in firms with less than 20 workers, albeit that this is smaller than their representation across all firms. This may have consequences for the recovery of smaller firms once the containment restrictions are eased, as recruitment is costly and time-consuming for both employers and employees.

From a regional and rural development perspective the breakdown of affected sectors is particularly concerning.

There are four sectors in which the proportion claiming the PUP exceeds twenty-five per cent, namely Accommodation and Food Services, Construction, Administrative and Support Services and Wholesale and Retail Trade and Repair of Vehicles. These sectors are classified as severely affected.

A further two sectors have been identified as moderately affected, in which the proportion claiming the PUP is between ten and twenty-five per cent. These sectors are Transportation and Storage and Manufacturing. Combined, these sectors provide a large proportion of the employment in rural and regional areas. Therefore, it is reasonable to conclude that the impact in terms of job losses in the region will be significant, and the fact that many of sectors will be slow to open back up, indeed some may never open back fully.

The recent Department of Finance Stability Programme Update projections for unemployment point to an optimistic scenario where unemployment remains high for the next 12-24 months. When recovery comes, it is likely that many low-income workers, and employees with precarious employment conditions, will be the last to experience it. Without a concerted policy effort, many will be stuck in poverty for some time.

Regional economies

A report published by the Three Regional Assemblies[121] gives a Covid-19 Regional Economic Analysis. The report analysed which counties are more likely to be exposed to significant economic disruption caused by the COVID-19 outbreak. The report found that coastal and rural counties are more likely to be exposed due to their reliance on commercial units that generally require human interaction and cannot be operated remotely. The county with the highest "COVID-19 Exposure Ratio" was Kerry, with 53.8 per cent of its commercial units operating in the sectors likely to be worst affected, followed by Westmeath at 51 per cent, Donegal at 50.6 per cent, Cavan at 50.5 per cent and Clare at 50.4 per cent.

The report also examined which towns are more likely to be exposed to significant economic disruption caused by the COVID-19 outbreak. Popular coastal towns and rural based towns are particularly exposed.

The OECD in a recent paper estimate that the implied shock of Covid-19 could amount to a 45-70per cent decline in the international tourism economy in 2020[122]. The domestic tourism economy is expected to recover more quickly once containment measures are lifted, however even this will be slow moving and health concerns and the impact of social distancing and other measures may influence consumer sentiment and lead to a situation of very muted demand in the domestic tourism economy. Also, it is unlikely that domestic tourism could compensate for the decline of international tourism flows. This will translate into significant macro-economic effects in countries, cities and regions where the sector supports many jobs and businesses.

An obvious challenge for policy makers in Ireland is that rural areas were more dependent on social welfare transfers than urban areas and had lower median incomes than urban areas prior to Covid-19. The current pandemic will exacerbate this

[121] http://www.southernassembly.ie/uploads/general-files/CV19-Regional-Economic-Analysis.pdf

[122] https://read.oecd-ilibrary.org/view/?ref=124_124984-7uf8nm95se&title=Covid-19_Tourism_Policy_Responses

situation and any policy response must address income sustainability in the long-term.

Policies such as increased investment in healthcare and other public services and ensuring affordable and accessible quality public services to all regardless of urban or rural location must be part of the response. Improved and expanded public services could contribute to regional attractiveness in remote and rural areas, while also supporting the transition to a low carbon economy[123].

Rural proofing and public service delivery according to the equivalence principle will play a key role here and should guide policy.

A recent report from Smith School at Oxford University notes that the recovery packages, soon to be designed and implemented, will reshape the economy for the longer-term, representing life and death decisions about future generations, including through their impact on the climate[124]. The report recommends that governments should steer investment towards a productive and balanced portfolio of sustainable physical capital, human capital, social capital, intangible capital, and natural capital assets consistent with global goals on climate change. The authors are clear that any recovery package must also address existing concerns such as poverty, inequality and social inclusion.

The report identifies five policy areas with high potential on both economic multiplier and climate impact metrics**.**

1. Clean Physical Infrastructure
2. Building Efficiency Retrofits
3. Investment in Education and Training
4. Natural Capital Investment
5. Clean Research and Development

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123 https://www.oecd.org/cfe/regional-policy/recommendation-effective-public-investment-across-levels-of-government.htm

124 https://www.smithschool.ox.ac.uk/publications/wpapers/workingpaper20-02.pdf

These have obvious implications for Ireland 2040 (National Development Plan) and for public policy. Renewable energy and clean energy infrastructure are job intensive and they offer high returns on public investment as they drive down the cost of transition to clean energy. Residential and commercial retrofitting, natural capital spending in areas such as rural ecosystems, biodiversity and expanding parkland are identified as fast-acting climate friendly policies that will have an immediate impact and long-term returns. Natural capital spending is identified as particularly appropriate in current circumstances because worker training requirements are low, many projects have minimal planning and procurement requirements, and most facets of the work meet social distancing norms.

Ensuring a sustainable recovery

The investment plans associated with Covid-19 recovery will be critical in setting the environmental pathway for the next few decades, and crucial for Ireland's climate ambitions and targets. The OECD recommend three overarching principles to accelerate a fair, low-carbon recovery. The Government should adopt these when developing Ireland's post-Covid investment strategy.

1. **Aligning the short-term emergency responses to the achievement of long-term economic, social and environmental objectives** and international obligations (the Paris Agreement and the SDGs). This includes, in the short run, securing jobs while avoiding unconditional subsidies to polluting activities.
2. **Preventing both lock-in of high-emissions activities and worsened well-being of those in the bottom 40per cent of the income distribution**. COVID-19 has dramatically worsened the conditions of vulnerable groups, both in advanced and developing economies. The efforts to build an inclusive and sustainable future must prioritise a fair transition to a low-carbon economy.
3. **Systematically integrating environmental and equity considerations into the economic recovery and stimulus process**. Support to the most affected sectors and investment in infrastructure must pass the test for contributing to a low carbon economy going forward.

Translating the OECD principles to the Irish context the Government should:

Integrate a Sustainable Development Framework into economic policy. This would ensure that policies are socially, economically and environmentally sustainable. Sustainable development is defined as 'development which meets the needs of the present, without compromising the ability of future generations to meet their needs'. It encompasses three pillars; environment, society and economy. A sustainable development framework integrates these three pillars in a balanced manner with consideration for the needs of future generations. Maintaining this balance is crucial to the long-term development of a sustainable resource-efficient future for Ireland.

Develop a new National Index of Progress. We must look beyond growth and take a new approach to economic policy which recognises the equal importance of social and environmental issues. Government should develop a new National Index of Progress encompassing environmental and social indicators of progress as well as economic ones. By measuring and differentiating between economic activities that diminish natural and social capital and those activities that enhance them, we can ensure that our economic welfare is sustainable.

This would involve moving beyond simply measuring GPD, GNI and GNI* and including other indicators of environmental and social progress. Indicators such as the value of unpaid work to the economy and the cost of depletion of our finite natural resources among others would be measured. Wellbeing indicators such as health (physical and mental), economy and resources, social and community development, participation, democracy and good governance, values, culture and meaning and environment and sustainability would be an appropriate frame for developing a new National Index of Progress. *Social Justice Ireland's* Sustainable Progress Index[125] could inform this process. The index uses 80 indicators across the 17 SDGS and compares 15 EU countries across all UN SDGs, assesses their

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125 https://www.socialjustice.ie/sites/default/files/attach/publication/6248/measuringprogress-thesustainableprogressindex2020new.pdf

performance on each individual SDG and creates a ranking table for performance overall.

Investment underpinned by a Just Transition Strategy. One of the fundamental principles of a Just Transition is to leave no people, communities, economic sectors or regions behind as we transition to a low carbon future. Transition is not just about reducing emissions. It is also about transforming our society and our economy, and investing in effective and integrated social protection systems, education, training and lifelong learning, childcare, out of school care, health care, long term care and other quality services, Social investment must be a top priority of transition because it is this social investment that will support those people, communities, sectors and regions as we make the difficult transition to a carbon-neutral economy, transforming how our economy and society operates. Transition to a sustainable economy can only be successful if it is inclusive and if the social rights and wellbeing of all are promoted.

Just Transition for Farmers

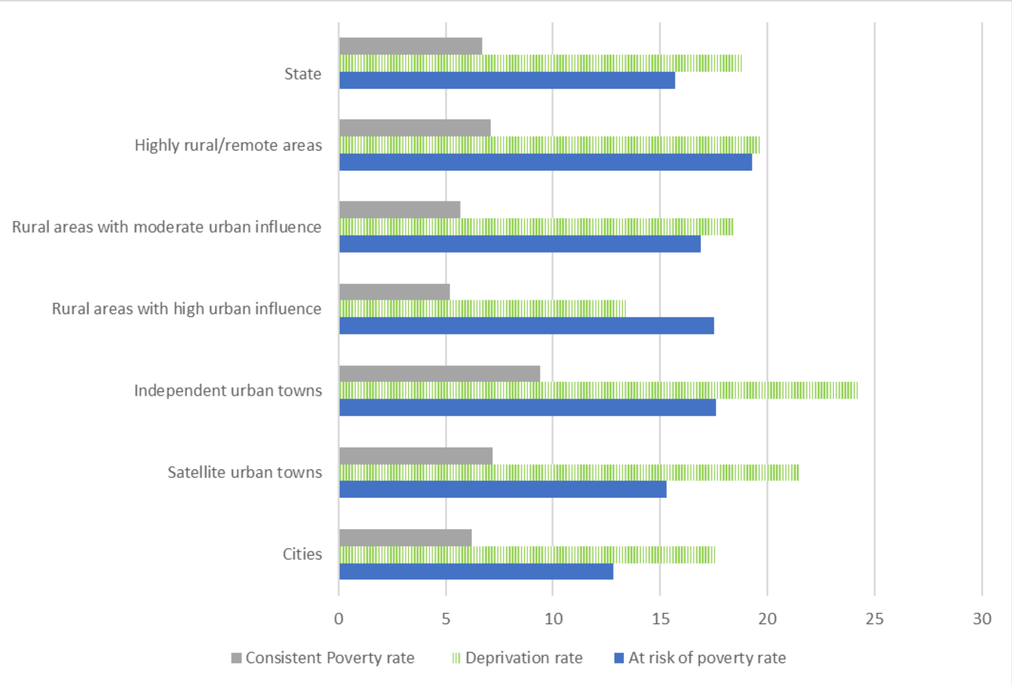
Restructuring agriculture and supporting and incentivising farmers to move to more sustainable agricultural practices is integral to a Just Transition in Ireland. One of the fundamental principles of a Just Transition is to leave no people, communities, economic sectors or regions behind as we transition to a low carbon future. A clear pathway for the farming community outlining how they will be supported as part of a Just Transition, and the benefits of sustainable farming practice to our environment, natural capital and to their household incomes is essential.

Income

About half of farm families require off-farm income to remain sustainable. While recent gains in agriculture-based incomes have had an impact on the most commercial farms, solutions to the wider income problems require a broader approach for all rural families, combining an economic and social dimension. The impact of Covid-19 on regional and rural employment will have a negative impact on the incomes for farming households.

A consistent trend over the past decade is the increased at-risk-of-poverty rate in rural areas. The latest figures show the at-risk-of-poverty rate of rural areas higher than in urban areas[126]. This is a persistent pattern. There is significant regional variation within these figures, and the Northern and Western region has the highest at-risk-of-poverty rate and the lowest median income in the State. Worryingly, this region has also seen one of the greatest reductions of full-time employment since 2008 and has been one of the slowest to see the gains from increased employment growth. The low incomes in the Northern and Western region are also mirrored in farm incomes. Chart 12 gives a breakdown of poverty and deprivation rates by area type.

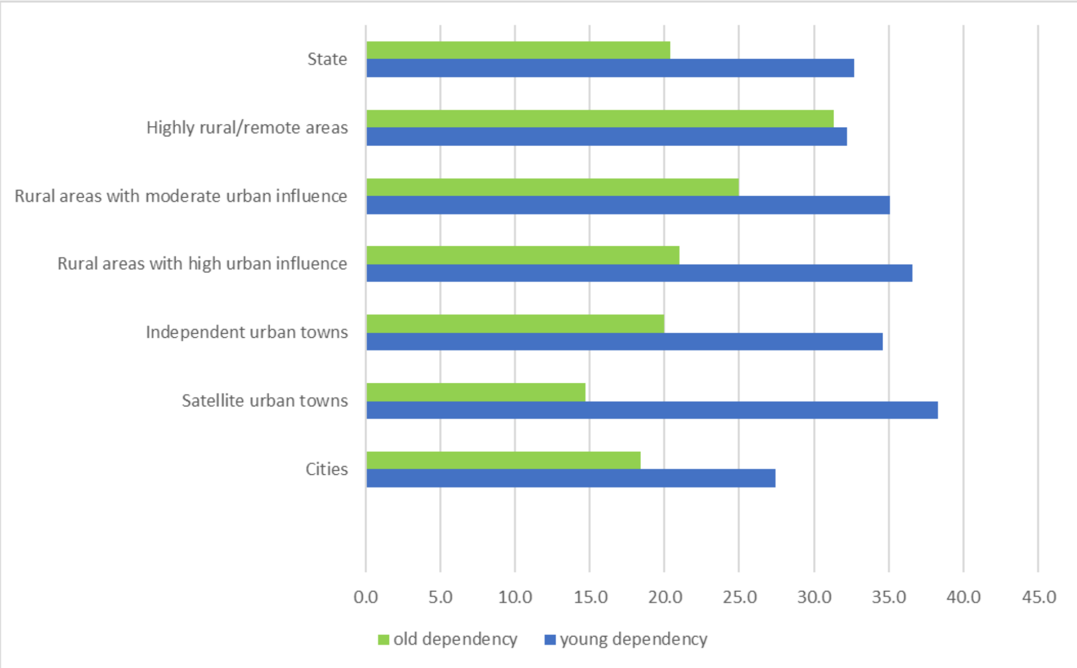
Chart 12: Key Indicators of Poverty by Area Type, 2017



Source: CSO Statbank 2019

126 https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2018/

Chart 13: Dependency ratios by age group and area type 2016



Source: CSO Statbank 2019

Charts 12 and 13 give an outline of some of the challenges facing rural areas, namely higher dependency ratios and higher rates of poverty and deprivation. Recent data shows that remote rural areas have the highest total dependency ratio in the State. These areas also have the highest average age in the State, have the highest rate of part-time workers in the State (23.8 per cent) and, at 19.3 per cent, the highest poverty rate[127].

The data in these charts give an insight into the challenges that face rural and regional communities. Rural and regional policy has to grasp with issues such as higher poverty rates, lower median incomes, higher dependency ratios, distance from everyday services and a higher rate of part-time employment. It is worth reiterating that our success in implementing policy to address these challenges will determine how well-placed rural Ireland will be to respond to other challenges such as the impact of Covid-19, the transition to a sustainable society and the future of work.

[127] https://www.cso.ie/en/releasesandpublications/ep/p-urli/urbanandrurallifeinireland2019/

Farm Incomes

In 2018 average family farm income was €23,483, a decrease of 21 per cent on the previous year[128]. The financial impact of very poor weather in 2018 had a significant impact on farm incomes with dairy farm incomes falling by one third. As ever, there was a wide variation in farm incomes, with 29 per cent of farms earning an income of less than €5,000 in 2018, 15 per cent earning between €5,000 and €10,000 per annum and 31 per cent earning between €10,000 and €30,000 per annum.

Average farm income is highest on dairy farms and in the South East region. The Northern and Western region is the most disadvantaged region with the lowest farm income and the highest reliance on subsidies. Some key farm statistics from the Teagasc Farm Survey[129] include:

- Average family farm income was €23,483 in 2018.
- 44 per cent of farms earned a farm income of less than €10,000 in 2018.
- 53 per cent of dairy farms report an income of more than €50,000 in 2018.
- Almost two-third of cattle-rearing farms earned less than €10,000 in 2018.
- The average direct payment in 2018 was €17,244.
- Direct payments accounted for 79 per cent of all payments received to dairy farms, 84 per cent to tillage farms and 57 per cent to cattle-rearing farms.
- Just 32 per cent of farms are considered economically viable with 34 per cent considered vulnerable.
- 52 per cent of farm households have off-farm employment and 40 per cent of cattle farmers work off-farm.

These statistics mask the huge variation in farm income in Ireland as a whole. Only a minority of farmers are, at present, generating an adequate income from farm activity and even on these farms income lags behind the national average. Farm incomes are also inconsistent, as the prices of commodities

128 https://www.teagasc.ie/publications/2019/teagasc-national-farm-survey-2018-results.php

129 https://www.teagasc.ie/publications/2019/teagasc-national-farm-survey-2018-results.php

fluctuate and gains are predicated on expanding dairy production which runs contrary to our climate commitments.

The abolition of milk quotas in 2015 has resulted in increased supply of milk from the European Union (EU). Many Irish farmers borrowed to invest to scale up production with the expectation of demand from Russia, China and other world markets. Whilst dairy farming is the most profitable form of farming in Ireland, it is also the most volatile due to price fluctuations and a high dependency on them is not a sustainable way to maintain farm incomes.

It is clear that farming itself is not enough to provide an adequate income for many families as evidenced by the over reliance on direct payments and the number of farmers engaged in off-farm employment. Of further concern is the age profile of those engaged in farming. In 2016, around a quarter of farm holders in Ireland were aged 65 years and over, and just 5 per cent were aged less than 35 years[130].

Advances in technology and mechanisation have meant that many farmers can seek alternative ways to generate income. From the mid-1990s, off-farm employment by farmers increased significantly. However, during the recession, many of these jobs were lost. A strong potential has been identified for alternative farm enterprises such as niche tourism and food production. However, these need significant support, and are likely to attract younger and better educated farmers.

Welfare payments also support farmers. In 2018 there were 6,535 families comprising 9,231 adults and 5,109 children receiving the Farm Assist Payment[131]. The Rural Social Scheme (RSS) had 3,103 participants and by extension supported 2,143 children and 1,232 adults in 2018.

It is important that adequate supports are put in place to facilitate all stakeholders in Agrifood to deal with the transition to a clean, green society and economy. The AgriFood Strategy to 2030 should support and resource to move to more sustainable agricultural practices with short supply chains and following the 'Farm to Fork' principles in order to reduce our

[130] https://www.cso.ie/en/statistics/othercsopublications/ireland-factsandfigures2018/
[131] https://www.welfare.ie/en/downloads/2018-Report.pdf

emissions and ensure that our land management is sustainable[132].

It is vital that investment in infrastructure in the regions and rural areas is expedited to ensure rural economies can diversify and adapt to support thriving rural communities. A step-change in policy is required, focussed on building sustainable and viable rural communities, including farming and other activities. In implementing this policy there needs to be significant investment in sustainable agriculture, as well as rural anti-poverty and social inclusion programmes, in order to protect vulnerable farm households in the transition to a rural development agenda.

The Central Bank published a paper on the uncertain outlook for Irish Agriculture in 2019[133]. This analysis shows that beef and sheep farms (around 7 out of every 10 farms) face significant viability challenges and are heavily reliant on direct payments. The West, Mid-West and Midland regions are more exposed to negative shocks. The report concludes that low profitability and a high reliance of farm incomes on direct payments represent an important weakness in the sector and provides the context in which all other risks facing Irish agriculture should be considered. The report concluded that any future negative shock – even one less material than Brexit – would further expose the underlying weaknesses in the sector. Covid-19 is clearly such a shock, and any recovery and investment plan should focus on sustainable agriculture, supporting farm household incomes and putting our agriculture sector firmly on a path towards meeting climate targets.

CAP and Agriculture Policy

The European Commission's proposals for the Common Agricultural Policy (CAP) for 2021 to 2027 stipulate that at least 40 per cent of the CAP's overall budget and at least 30 per cent of the Maritime Fisheries Fund would contribute to climate

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[132] https://ec.europa.eu/food/sites/food/files/food_farm2fork_20191212_qanda.pdf The Farm to Fork Strategy aims to ensure farmer' and fishers' position in the value chain, encourage sustainable food consumption and promote affordable and healthy food for all. The principles of the strategy are designed to support all three aspects of sustainability – economic, environmental and social.

[133] https://www.centralbank.ie/docs/default-source/publications/economic-letters/vol-2019-no-10-new-risks-and-old-problems-the-uncertain-outlook-for-irish-agriculture.pdf

action. This will have implications for Irish agriculture and fisheries as the new system will incentivise more sustainable practices. However, the new CAP will also have a reduced budget meaning there are less funds to be allocated.

The EU-Mercosur trade agreement undermines the commitments and ambitions of the 'European Green Deal and the focus on climate action and sustainability of CAP 2021-2027'. If ratified by the European Parliament the EU-Mercosur trade deal will eliminate tariffs on roughly 90 per cent of Mercosur's exports to the EU over 10 years – chiefly agricultural products such as beef, poultry, and fruit and in turn, EU companies would pay less tax to export products – mostly machinery, car parts, and dairy products like cheese – to Mercosur.

This deal would lock the European Union into an unsustainable economic model, entirely at odds with the stated aims of the Green Deal for Europe. How is importing significant amounts of agricultural products such as beef, poultry and fruit (which the EU itself already produces) and the increased emissions that this will inevitably lead to supporting one of the stated aims of the Green New Deal – Greening of the Common Agricultural Policy (CAP) with a Farm-to-Fork strategy. What incentive is there for Irish famers and their counterparts across the European Union invest in sustainable forms of agriculture and the Farm-to-Fork Strategy if they have to compete with agricultural imports from the other side of the world? At a National and EU Level policy should support and incentivise sustainable agricultural practice and the incomes for farm families, not undermine it.

The European Commission intends to launch a 'Farm to Fork' Strategy in Spring 2020, along with a broad stakeholder debate covering all the stages of the food chain, and paving the way to formulating a more sustainable food policy. The 'Farm to Fork' strategy will pave the way for a transition for a sustainable food system based on circular economy principles. Irish agriculture policy should be at the forefront of developing short supply chains in order to progress the 'Farm to Fork' proposal. This would not only assist farmers in negotiating a fair price for their produce, it would also ensure consumers have access to locally produced food which is more sustainable in the long term.

Sustainable land management is crucial to Ireland moving to more sustainable agricultural practices. Sustainable land management is the use of land resources to meet changing human needs while ensuring the long-term productive potential of these resources and the maintenance of their environmental functions. The adoption of sustainable land management would reward sustainable forms of agriculture, put Ireland in a good position for the next round of CAP negotiations and acknowledge the role of farmers as custodians of this vital national asset.

Ireland is in the process of developing the next Common Agricultural Policy Strategic Plan. This represents an opportunity to move to more sustainable forms of farming and land management. CAP payments are likely to focus on incentives for farmers to move to more sustainable methods of production. Six key principles for the CAP Strategic Plan for Ireland were developed by a group of independent scientises in 2019 at a workshop funded by the Department of Culture, Heritage and the Gaeltacht aimed at providing an ecological evidence base to inform the future of the Common Agricultural Policy in Ireland[134]. These principles are:

1. Farm for Food Security.
2. Nature has Limits.
3. Quantity, Quality and Connectivity Matter.
4. One Size CAP doesn't fit all.
5. Strengthen the links.
6. Nature needs long-term but flexible planning.

These six principles, alongside sustainable land management and developing short supply chains for farmers and consumers, should be adopted by Government as the basis for the CAP 2021-2027 Strategic Plan.

The refocusing of the CAP budget to climate action presents an opportunity for farmers to invest in sustainable forms of

[134] For a further detail and information on the principles and outcomes of the workshop see https://www.cap4nature.com/

agriculture and the Farm-to-Fork Strategy has the potential to deliver on short supply chains for farmers, and address some of the issues of product pricing for Irish farmers.

Policy options

Ireland should also focus on developing alternative agricultural models and move away from intensive livestock farming. Irish dairy farms produce up to three time more greenhouse gas and ammonia emissions than other farming sectors and yet the dairy sector has been earmarked by Government for continued expansion[135]. The Teagasc report also found that increase in herd sizes on dairy farms is undermining any gains from more efficient and sustainable farming practices. This type of policy incoherence cannot continue. While reducing agricultural emissions will be difficult, it is necessary. In order to do so it is vital that Food Wise 2030 reflects the Farm-to-Fork principles of the European Commission and set ambitious targets to reduce our agricultural emissions. Transition to a sustainable food and farming system, based on circular economy principles, could ensure the viable future of this industry. It would help restore freshwater resources, incentivise sustainable land and forest management and other ecosystems.

Support for sustainable agricultural practice is important to ensure the long-term viability of the sector and consideration must also be given to how the projected increase in agricultural emissions can be offset. It is important that the agriculture sector be at the forefront of developing and implementing sustainable farming practices and be innovative in reducing emissions. With regard to our national and international climate commitments it must be asked what agricultural policy will be best-placed to ensure Ireland meets its national and international targets: Is it a policy of agricultural expansion and increased emissions to reach additional markets or is it a policy of ensuring Ireland produces the food required to meet our population needs, that Irish farmers are supported in pursuing short supply chains and ensuring quality Irish agricultural products get a fair price in Irish supermarkets? Irish agricultural policy should also support our ODA policy and not undermine the agricultural sector in the developing world in providing the

[135] https://www.teagasc.ie/media/website/publications/2019/2017-sustainability-report-250319.pdf

food required to meet their own population needs and getting a fair market price for their own produce.

Address Ireland's Emissions Challenge

One of the impacts of the COVID-19 pandemic and the resultant economic 'deep freeze' it has resulted in has been a large reduction in harmful emissions. Globally harmful Greenhouse Gas (GHG) emissions are projected to fall by 8 per cent in 2020, the biggest fall in absolute terms than any other year on record. This reduction while welcome is only temporary. The challenge is to ensure that investment in our recovery also supports progress to our climate commitments.

The International Energy Agency (IEA) in its Global Energy Review 2020 is projecting an annual decline in carbon emissions of 8 per cent in 2020 with renewable energy sources showing the only growth in 2020[136]. However, the IEA notes that we are likely to soon see a sharp rebound on carbon emissions are economies begin emerging from lockdowns.

Emissions

We need policies to support and build on the environmental gains we are seeing. The experience of previous crises, including the 2008 Great Recession, shows that temporary drops in emissions have been more than compensated by stronger growth of emissions in the following years. This will be particularly challenging for Ireland. Ireland was the second-worst performing European Union (EU) country on climate change in 2019, an improvement of one place since 2018 . We had failed to implement the essential policy measures needed across all sectors to put Ireland on a pathway to meeting our 2030 targets and playing our part in keeping global warming below 2 °C.

[136] https://www.iea.org/reports/global-energy-review-2020

Chart 14: Greenhouse Gas Emissions Ireland's output versus Europe 2020 Targets

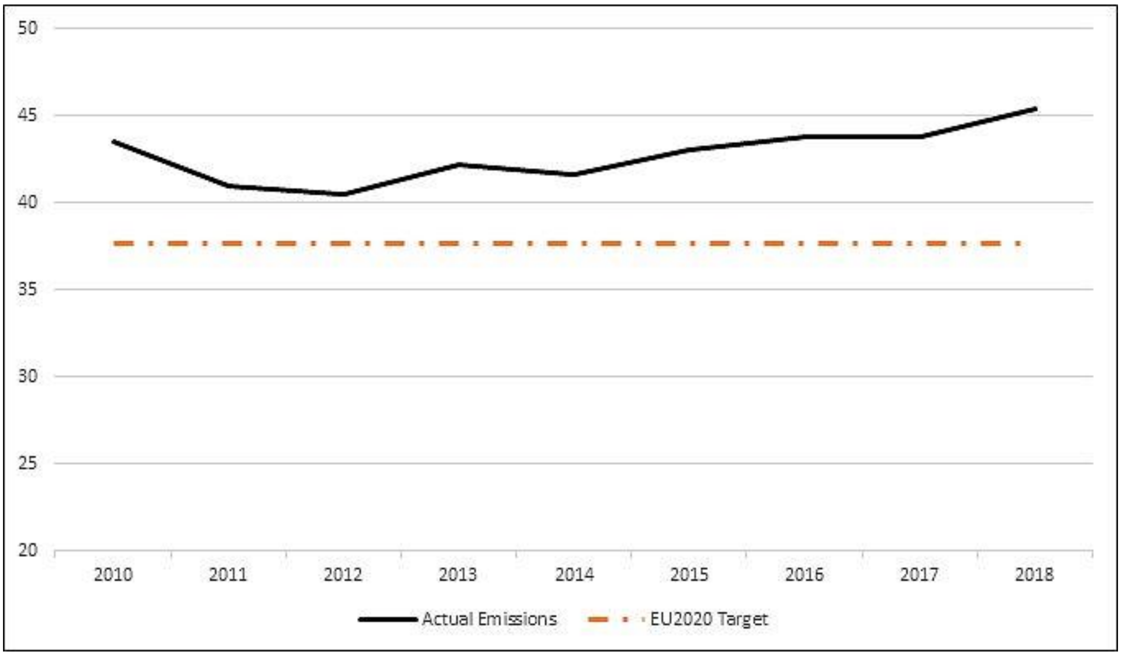


Chart 14 tracks Ireland's progress over time in relation to our Europe 2020 emissions reduction targets. The closest Ireland came to our targets was in 2011-2112, during the economic recession. The Environmental Protection Agency noted at the time that Ireland's reduced emissions resulted from reduced economic activity, not from any policy success, and has since noted that emissions continue to increase in line with economic growth, highlighting a complete failure at a political level to implement policies to de-couple emissions from economic trends. We must not allow this to happen again and any recovery package must put our economy and our society on a more sustainable footing.

Charts 15 and 16 give an overview of Ireland's emissions compared to the rest of the EU. The data shows that we are one of the highest greenhouse gas emitters in the EU, and that we have the highest levels of emissions from Agriculture. This data reveals just how difficult it is going to be for Ireland to transition to a low carbon future, and puts the lack of ambition in the Climate Action Plan into context.

Chart 15: Greenhouse Gas Emissions EU 2017

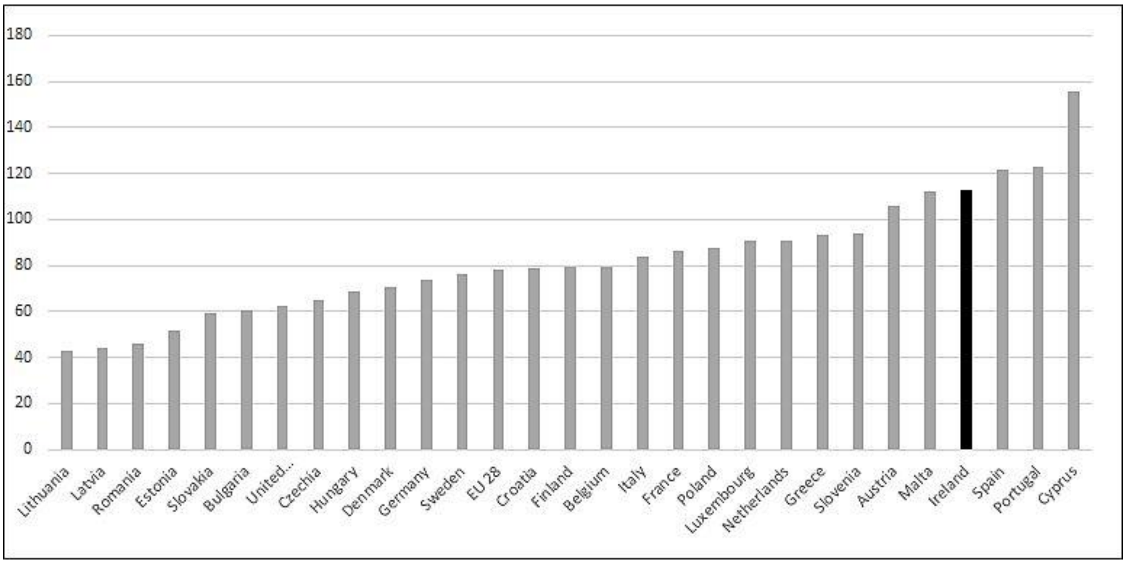
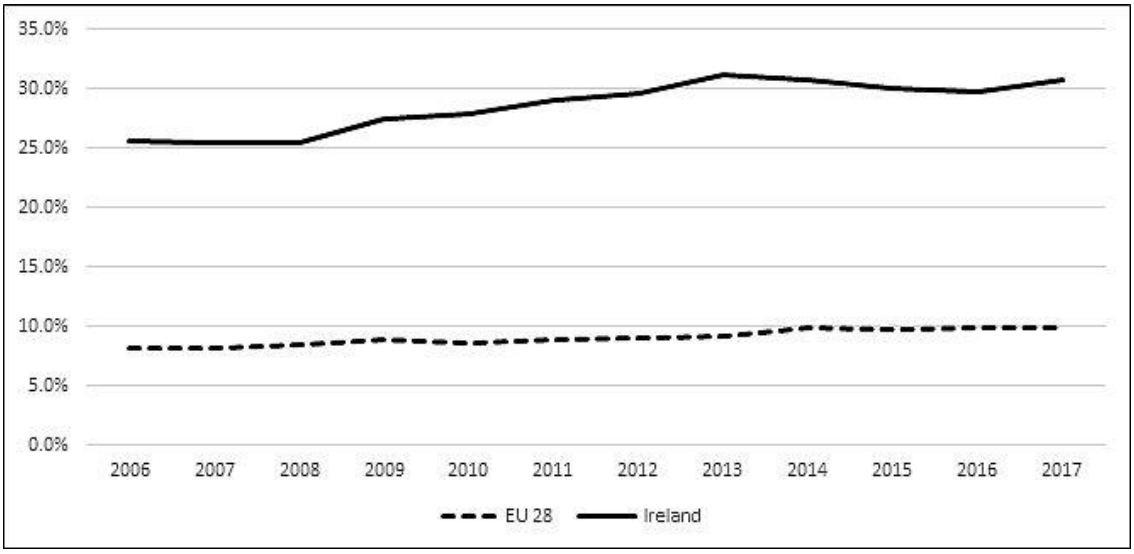


Chart 16: Greenhouse Gas Emissions from Agriculture, 2006-2017



The latest report on our greenhouse gas emissions shows negligible change from 2017 with a decrease recorded of just 0.2 per cent. The latest data from the EPA shows that emissions from agriculture increased by 1.9 per cent, driven by the increase in the national dairy herd and corresponding increase in milk production. In fact, emissions from agriculture have increased annually since 2012 as a result of the Foodwise 2025 policy of agricultural expansion and the abolition of milk quotas in 2015. Emissions from the transport sector increase by 1.7 per cent, an emerging trend from 5 of the last years which should be a cause for concern. Decarbonising our transport network will require significant investment. Emissions in the energy sector decreased by 11.7 per cent in 2018 driven by a decrease in coal use in electricity generation and an increase in wind generated electricity. Despite improvements in some sectors the overall trend is at odds with our national ambition outlined in the Climate Action Plan. Such policy incoherence at national level is unacceptable, particularly when agriculture is the single largest contributor of Ireland's total greenhouse gas emissions (accounting for one third). The Agri-Food Strategy to 2030 must reflect our national climate ambitions and outline a pathway for emissions reductions from agriculture to 2030 with annual targets.

The EPA points out that Ireland's greenhouse gas emissions continue to increase in line with economic growth and employment trends in the energy, agriculture and transport sectors and that Ireland is headed in the wrong direction to meet our national climate policy goal of reducing CO2 emissions by 80 per cent from 1990 levels by 2050. In 2016, the EPA recommended that Government implement measures to decarbonise the transport and energy sectors and ensure policy coherence between agricultural output targets and environmental ones. Government has clearly not taken heed of these recommendations.

While the environmental implications of not meeting our emissions targets are obvious, there are also significant economic implications as a result of not meeting our EU 2020 targets. The Climate Change Advisory Council in its annual review notes that the use of public funds to buy emissions allowances in order to comply with our 2020 EU targets provides no domestic benefit, imposes a current cost on the Exchequer, and leaves the country with an even bigger task to meet our future targets to 2030 and beyond.

As a member of the EU, Ireland has committed to legally binding emissions reduction targets in 2020 and 2030. We have committed to a 20 per cent reduction on 2005 emission levels by 2020, and a 30 per cent reduction of emissions compared to 2005 levels by 2030. Ireland will not meet the 2020 target and we are certainly not on a trajectory to make our 2030 targets.

This has very serious implications for our environment, our society and our economy.

Our International Commitments

Ireland is one of 195 countries who signed the first legally binding global climate deal at the Paris Climate Conference in 2015 (COP21) with the aim to keep global warming below 2°C by 2100. The 195 countries who signed up agreed:

- A long-term goal of keeping the increase in global average temperature to well below 2°C above pre-industrial levels;
- To aim to limit the increase to 1.5°C, since this would significantly reduce the risk and the impact of climate change;
- To come together every five years to set more ambitious targets as required by science;
- To provide continued and enhanced international support for adaptation to developing countries.

This climate deal is due to come into force in 2020. Despite signing up to this legally binding international commitment in 2015, countries have been slow to act. A report by the United National Environment Programme published last November (the annual Emissions Gap Report) found that unless global greenhouse gas emissions fall by 7.6 per cent each year between 2020 and 2030, the 1.5°C goal (which 195 nations pledged to in the Paris Agreement 2015) will be out of reach before 2030. This gives us an indication of the challenge we face, particularly in light of the IEA Global energy Review projecting an 8 per cent decrease in emissions in 2020.

Crucially, the report says all nations must substantially increase ambition in their Nationally Determined Contributions (NDCs), as the Paris commitments are known, in 2020 and follow up with policies and strategies to implement them. This requires an enormous concerted global effort over the next decade. Ireland must be at the forefront of this effort. Implementation of policies outlined in the Climate Action Plan to reduce our emissions must begin now.

Some policy proposals:

- The Government should put clean energy technologies at the heart of their plans for economic recovery. Investing in those areas can create jobs, make economies more competitive and steer the world towards a more resilient and cleaner energy future .
- Any additional financial supports or bailouts for fossil fuel industries should be conditional on these industries developing a measurable plan of action to transition towards a net-zero emissions future.
- Set ambitious emissions reduction targets for 2030 and ensure sufficient resources to support implementation of these targets.
- Develop a progressive and equitable environmental taxation system. (link to Friday article)
- Develop a new National Index of Progress encompassing environmental and social indicators of progress as well as economic ones.

Conclusion

The Climate Action Plan was published in June 2019 recognised that Ireland must significantly step up its commitments to tackle climate disruption and it contained sectoral targets and a governance framework for policy development and implementation. Unfortunately, it lacked the ambition and focus of the proposals of the report by the Joint Oireachtas Committee on Climate Action and a more determined effort will be required to meet the targets of the Paris Agreement. The increased incidence of flooding and other severe weather events are evidence of the impact that climate change and changing weather patterns are having on Ireland. It exposes the vulnerability of many of our services, communities and utilities and failure to act now will only result in greater expense late r.

What we must do is build upon the emissions reductions as a result of COVID-19 and implement an ambitious new deal for our environment, society and economy. We will return to what a Green New Deal for Ireland might look like in the coming weeks.

The Sustainable Development Goals

In 2015, the UN proposed and adopted the 2030 Agenda for Sustainable Development and identified 17 Sustainable Development Goals (SDGs) based on 169 targets and over 230 indicators. In January 2016, the SDGs came into force. The SDGS are designed to refocus efforts towards policies that directly help people and communities in the long run. They aim to provide both a pathway out of poverty for about a billion people in the world, and a pathway to a sustainable future for all countries and peoples. The social and economic response to the current crisis demands the type of thinking that led Ireland to have a crucial role in the development of the SDGs. While we have not performed as well we could in progressing the 2030 Agenda in recent years, now is the time to do better.

Since the adoption of the SDGS, there have been several attempts to track countries' progress on achievement of the goals. In February 2020, *Social Justice Ireland* published its Sustainable Progress Index 2020 (authors: Clark, Kavanagh and Lenihan). It examines Ireland's performance on the SDGs in the context of its peers in the EU – the focus is the EU15 countries. Comparing relative performance among countries from a similar regional or income group is valuable. Variations observed in small groups of similar regions should encourage policymakers to better understand reasons for divergence and design strategies for achieving the SDGs by 2030.

Data and Method

Data collection for the analysis was far-ranging. The UN Indicator Set (2017) is the starting point for data selection and the final indicator set is as closely aligned as possible with this list. Simple but important rules are used to guide the selection of data, including relevance, quality, coverage, etc. The criteria identify 80 indictors across the 17 goals. (For full details on methodology see Clark, Kavanagh and Lenihan, Sustainable Progress Index 2020)[137].

[137]https://www.socialjustice.ie/sites/default/files/attach/publication/6248/measuringprogress-thesustainableprogressindex2020new.pdf

So How does Ireland Compare?

Table 8 presents the results of Ireland's ranking by each SDG. We can see that Ireland scores well on SDGs relating to Quality Education (SDG 4) and Peace and Justice (SDG 16). However, Affordable and Clean Energy (SDG 7); Responsible Consumption and Production (SDG 12); Industry, Innovation and Infrastructure (SDG9); Climate Action (SDG13); and Life Below Water (SDG 14) all score in the bottom third and Ireland faces significant challenges in achieving the objectives of these SDGs. The remaining SDGS are in the middle (ranked 6-10), implying there is still scope for improvement. Going forward, it is critically important to continue to monitor all relevant indicators under SDG to track progress towards these goals.

Agenda 2030 sets ambitious targets across the three dimensions of sustainable development: economic development, social inclusion and environmental sustainability. Clustering the goals by the three dimensions -economy, society and environment - provides country rankings across these dimensions. Ireland is ranked 11th on the Economy Index; 7th on the Society Index and 15th on the Environment Index. Overall, Ireland ranks 10th out of 15 peer countries.

Table 8: Ireland's Rank by Dimension and by SDG

Ireland Overall Rank on the SDGs		10
Economy		**11**
SDG 8:	Good Jobs and Economic Growth	9
SDG 9	Industry, Innovation and Infrastructure	11
Society		**7**
SDG 1	No Poverty	9
SDG 2	Zero Hunger	9
SDG 3	Good Health and Wellbeing	7
SDG 4	Quality Education	2
SDG 5	Gender Equality	10
SDG 10	Reduced Inequality	9
SDG 16	Peace and Justice	5
SDG 17	Partnerships for the Goals	8
Environment		15
SDG 6	Clean Water and Sanitation	8
SDG 7	Affordable and Clean Energy	11
SDG 11	Sustainable Cities and Communities	8
SDG 12	Responsible Consumption and Production	13
SDG 13	Climate Action	13
SDG 14	Life Below Water	11
SDG 15	Life on Land	9

These results highlight the scale of the challenge facing Ireland across all key areas.

Government Policy and the SDGs

The well-being of people, both now and for future generations, is the goal of public policy. Policy goals such as economic growth can be a means to help achieve the goal of social well-being, but a short-term focus on economic growth alone, in the hope it will support a "return to normal" will do little to improve the lives of the most vulnerable. In fact, the evidence suggests that for rich advanced capitalist countries, economic growth is not the most efficient way to promote social well-being and many things carried out in the name of economic growth are the primary cause of our environmental challenges. The current COVID-19 crisis has highlighted both the deficits in current policy thinking and the need for a new way of thinking and a new Social Contract. This Social Contract should be aligned to the Sustainable Development Goals to work towards a recovery where no one is left behind.

ODA and the International Response

The world is confronted with a health and economic crisis that is enormous in size and scope, and one that will inevitably impose its heaviest tolls on the most vulnerable. A health emergency on a dramatic scale has triggered an economic and financial crisis, and the globalised nature of the world in which we live and the structural disparities within it will unfortunately ensure that it is the world's poorest who will suffer most.

The COVID-19 pandemic will expose afresh the depth of the inequalities within and between countries. In the midst of all that we are going through here in Ireland, it can be easy to forget that there are many people who are in a far worse situation. But we must also consider the implications for the countries of the Global South. While developing countries are currently scaling up their infrastructure as well as they can to deal with the coronavirus, many have already been heavily impacted by the collapse in the price of several commodities and a slowing or breaking of global supply chains. This will get worse before it gets better.

The United Nations has launched a Global Humanitarian Response Plan worth $2 billion, but many multiples of this will be needed.

Of Irish Aid's nine key partner countries, eight (Ethiopia, Lesotho, Malawi, Mozambique, Sierra Leone, Tanzania, Uganda, and Zambia) are in Sub-Saharan Africa, where conditions are such that the effects of COVID-19 will be far worse than in Europe and the rest of the developed world.

Some points worth remembering

- 400 million people in Africa live on less than the equivalent of $1.90 a day, the international poverty line as set by the World Bank.
- Around one in five Africans live in crowded slums, making a contagious virus (especially a silent spreader like COVID-19) especially dangerous. Self-isolation and social distancing are not practical or possible in shanty towns and overcrowded slums, many of which have no running water to allow proper hand-washing.
- Most Africans cannot 'work from home' the way many in more developed countries can. For example, 60 per cent of Ugandan workers are either self-employed or work in a family business: if they do not work, they do not eat. Lockdowns of the kind seen in the rest of the world will increase poverty and hunger.
- African countries do not have the well-developed and well-funded welfare states of Europe and North America. In response to the coronavirus, several dozen countries around the world have introduced, adapted or expanded social-protection schemes. In sub-Saharan Africa, only South Africa and Kenya have done so to any significant degree. This is largely because African countries do not have enough money to do any more than they are already doing.
- Healthcare systems on the continent are already under strain. Sub-Saharan Africa has about one doctor for every 5,000 citizens, compared with one per 300 in Europe. The average European hospital

has more intensive-care beds than many African countries. Mozambique has one ventilator for every million people.

- Underlying health is another cause for fear. More than 25 million Africans are infected with HIV. In Lesotho, almost a quarter of the population is infected. Medical workers and scientists do not yet know if they are at greater risk from COVID-19.
- There is a clear overlap between vulnerable public health care systems and government debt in developing countries. Rising debt levels limit the capacity of many countries to provide services. This is key to understanding the vulnerabilities of countries in the Global South to the COVID-19 pandemic.

As bad as this pandemic has been and will continue to be for the developed world, it will likely be far worse for the Global South. This is why Ireland and other rich countries must act accordingly.

Ireland and Overseas Aid

Budget 2020 allocated €837m to Ireland's Official Development Assistance (ODA) programme. This was an increase of approximately €20m on the amount pledged in Budget 2019.

Prior to the Budget, *Social Justice Ireland* urged Government to make a commitment to increase the aid budget over the six years to 2025 in order to reach 0.70 per cent of GNI*. (As part of a United Nations agreement, developed countries like Ireland have pledged to donate 0.7 per cent of their national income as ODA each year). We estimated at the time that the increase in ODA in Budget 2020 would bring the total ODA allocation to 0.41 per cent of projected GNI* in 2020, though it would be difficult to make a realistic projection of national income for 2020 now.

This money is needed now more than ever before. The 2008 financial crisis led to decreased ODA from Ireland (and indeed many other countries). But some countries, including France and Germany, increased their levels. Budgets are about choices and priorities. Now is not the time to reduce aid to the most vulnerable. The global economic downturn will be exacerbated in the developing world by movements within financial markets. Foreign investors have been withdrawing tens of billions of dollars (it may soon be hundreds of billions) from what are termed 'emerging markets' since the start of the crisis, in what the Institute of International Finance has described as the largest capital outflow ever recorded. Governments in richer countries, including the European Union, can borrow cheaply (in some cases practically for free) to scale up health and welfare provisions, and provide economic stimulus. However, poorer countries usually see their borrowing costs escalate during economic crises.

What else is required

Simply maintaining ODA will not be enough. Better off countries must take action to provide developing nations with the resources and opportunity to act. According to Oxfam It would cost approximately $159 billion to double the public health spending of all of world's 85 poorest countries, where 3.7 billion people live. This is less than 8 per cent of the latest U.S. fiscal stimulus alone.

Rich countries should agree to an immediate moratorium on debt interest payments for poor countries. In Africa, this could free up an estimated $44 billion in 2020 alone to help finance the response to the pandemic. Others have suggested that Africa needs an immediate emergency economic stimulus of around US$100 billion. As such, the waiver of all interest payments, and the possible extension of the waiver to the medium term, would provide immediate fiscal space to Governments.

It is in our own interest to help

It is understandable that national leaders are focused on tackling this crisis in their own backyards, but countries must find the space for supporting other nations too if humanity is to defeat this disease. It is therefore incumbent on rich countries to help poorer countries. This must take place at a supranational level as well, but individual donor countries, including Ireland, must be ready to play their part in a spirit of solidarity and generosity. It is in rich countries' interests to think and act globally as well as locally:

- It takes a co-ordinated global effort to tackle, roll back, and eradicate a global pandemic.
- If the developing world is left to fight COVID-19 alone and fails (as it almost inevitably would), the virus would soon spread back to the developed world, even if it has been eradicated there.
- Countries remember those who help them. It is not just in Italy that China and Cuba are currently winning friends and influence with high-profile deliveries of medical equipment and the deployment of doctors.

The scope and gravity of the situation therefore requires an ambitious multi-lateral response under the coordination of the United Nations and other international bodies. It will involve significant health and economic aid, cheap credit, expertise and manpower.

Ireland is regularly commended by the OECD Development Assistance Committee Peer Review for the effectiveness of our aid programme. We can be justifiably proud of our record of providing high quality, untied, grant-based aid. These qualities are required now more than ever. At uncertain economic times, it is important that policymakers remember to protect the vulnerable. ODA plays a major role in such an approach. *Social Justice Ireland* have previously argued that this is particularly so given that the recipients of Irish ODA tend to live in some of the countries who experience the worst effects of climate change—an area is which Ireland is a prime offender. Humanitarian needs that are the result of climate change will only get worse during this crisis. That is particularly so for refugees. Funding, therefore, cannot be diverted from existing humanitarian needs for the purpose of dealing with the current pandemic. New funding must be found.

In addition, a coordinated effort of the kind necessary could put the international community back on track to realize the aspirations of the 2030 Agenda for Sustainable Development.

Debt Forgiveness in the Global South

As difficult as dealing with COVID-19 is for countries of the developed world with their sophisticated healthcare systems, the coronavirus pandemic has the potential to devastate the countries of the Global South. It is important that the developed world do what it can to assist poorer countries in combatting this crisis. First and foremost, this must involve a deal on current levels of sovereign debt in the Global South. *Social Justice Ireland* supports the call for the permanent cancellation of all external debt payments due from developing countries in 2020, with no accrual of interest or charges or other penalties, and the provision of additional emergency finance that does not create more debt.

Currently, more than 60 countries spend more on debt re-financing than they do on healthcare. Already, in an unprecedented move, the IMF and the World Bank have called for debt payments by the poorest countries to other governments to be suspended. However, the effects of the pandemic are likely to last for years, so delaying (rather than cancelling) payments won't solve the problem in the long term.

Permanently cancelling upcoming debt payments owed by these countries would be the fastest way to free up existing public resources to tackle this crisis and save lives. Unprecedented though it is, the suspension on debt payments called for by the IMF and World Bank will fall short of what is needed if it doesn't apply to all lenders. It is also only a call for the postponement of payments, not the cancellation.

It is also imperative that any emergency finance provided at this time does not add to existing debt burdens, and a process is needed to reduce debts to sustainable levels in the medium-to-long term. Many countries were in a debt crisis before this pandemic began, and many of those will emerge from this crisis with debt levels that are even more unsustainable. The immediate cancellation of debt payments should be linked to a more comprehensive and long-term approach to debt crisis resolution. The creation through the United Nations of a systematic, comprehensive and enforceable process for sovereign debt restructuring would help. The IMF should introduce clear guidelines on when a debt is unsustainable, and only to lend to countries with unsustainable debts if there is a default or debt restructuring.

Cancelling all debt payments owed by low-income countries to other governments, multilateral institutions and private lenders would make available around US$25 billion to fight the coronavirus this year alone. Extending the cancellation to apply to payments due in 2021 would make approximately another US$25 billion available. Cancellation should apply to all creditors, including bilateral, multilateral and private lenders, to ensure money generated is used to fund pandemic response, including investment in healthcare, and not to pay off other debts.

As well as the above, up to an additional US$73 billion in emergency finance will be needed to help low income economies as they respond to the crisis in 2020. This must be provided through grants, rather than loans, to stop recipient countries getting even deeper into debt.

Fairness for Workers in the Developing World

Many well-known clothing brands and retailers have responded to the COVID-19 crisis by cancelling orders, or by demanding retroactive price reductions for goods already in production or completed. This is leading to large-scale dismissals of garment workers in developing countries, and to the inability of many companies in these countries to pay their workers. Many of these workers already work for low wages in poor conditions. With little or no social protection, this loss of income leaves garment workers and their families in an incredibly vulnerable position.

Unsurprisingly, given the closing of retail outlets across the developed world, the Covid-19 pandemic has caused a huge drop in demand for clothing. While this creates financial challenges for brands and retailers, corporations have a responsibility to manage the crisis responsibly and honour obligations to suppliers and workers.

However, many brands and retailers have responded to the crisis by cancelling (or "holding") orders, or by demanding retroactive price reductions for goods already in production or completed and ready to ship. In some cases, brands have demanded large rebates, even on orders already in transit.

This is leading to large-scale dismissals of garment workers in developing countries, and to the inability of many companies in these countries to pay their workers. Many of these workers already work for low wages in poor conditions. With little or no social protection, this loss of income leaves garment workers and their families in an incredibly vulnerable position.

For example, the garment industry accounts for more than 80 per cent of Bangladesh's exports and so is obviously a cornerstone of its economy. Over 1,100 factories there have reported cancellations of orders worth more than $3 billion, directly impacting the lives of 2.2 million workers and their families. 56 per cent of Bangladeshi garment workers are women aged 18 to 25.

Several brands and retailers have committed to pay in full for orders in production or completed. This is commendable, and will help to reduce negative effects on suppliers and workers. However, many others have not made this commitment, or are cancelling some or all orders, or attempting to impose rebates.

As noted as part of our mission statement, *Social Justice Ireland* envisages a just and sustainable society where human rights are respected, human dignity is upheld, human development is promoted and the environment is valued and protected. Our understanding of justice revolves closely around the creation of 'right' relationships between people, institutions and the environment. This extends to the corporations and businesses we interact with when consuming goods and services. Even in 'ordinary' times it is important to know what kind of economic or social activities we are supporting:

- Are our pension savings invested in funds which draw returns from fossil fuel extraction or other environmentally harmful activity?
- Do the companies whose products we buy behave in an ethical manner?
- And are the clothes we buy produced in an ethical fashion, or do the brands we wear exploit workers in poor countries?

These questions are especially important during events such as a global pandemic. The globalised nature of the world in which we live and the structural disparities within it will unfortunately ensure that it is the world's poorest who suffer most from the coronavirus outbreak. The pandemic will expose afresh the depth of the inequalities between countries.

In the midst of all that we are going through in the developed world, it can be easy to forget that there are many people who are in a far worse situation. But through our interactions with many firms and companies, we have a role to play in supporting principled action and punishing unethical behaviour.

Conclusion

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

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

- access to meaningful work, as well as protection from poverty at times where paid employment is not accessible;
- a minimum floor of income and services in times of old age, disability or infirmity;
- an education system that is relevant, accessible and high in quality;
- a guarantee that their needs will be met at times of ill-health;
- the regulation and protection of the environment for the good of all citizens; and ensured participation in civic life and in the decisions that affect them.

In return, citizens have a responsibility to contribute to society in different ways at different points in the lifecycle.

This may be through being employed; through paying taxes; through engaging in caring and voluntary work; or making other contributions to the economic, social, cultural or environmental well-being of society.

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

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

In this publication, *Social Justice Ireland* have presented our vision for a new Social Contract. One based on the principles of justice and fairness, with sustainability at its core. Now is the time to act.

Other recent Publications by *Social Justice Ireland*

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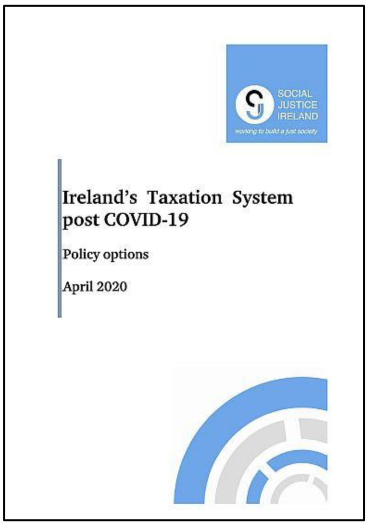

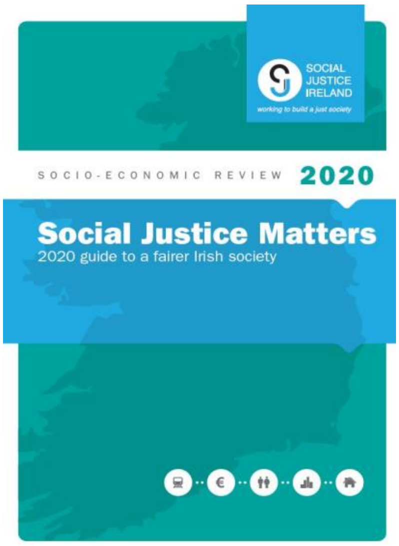

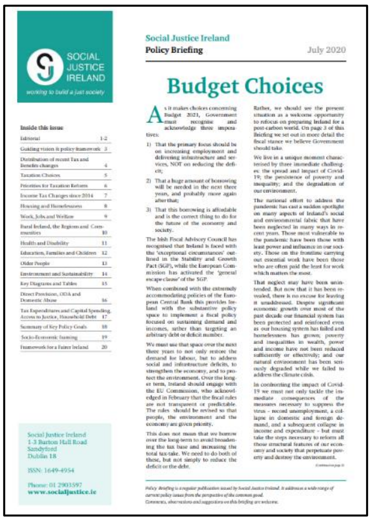

Social Justice Ireland is an independent think-tank and justice advocacy organisation of that advances the lives of people and communities through providing independent social analysis and effective policy development to create a sustainable future for every member of society and for societies as a whole.

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working to build a just society

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