

4. Time for a New Social Contract

– Policy Options for a More Equal Society⁵

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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 has provided such a moment.

The initial response to these new challenges showed a solidarity that is not always obvious in the usual day-to-day experience of most people. But it also shows up the inequalities that are built into our society.

The economic lockdown imposed the greatest cost on many of 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 and, often, precarious working practices. 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

⁵ This paper is extracted from Bennett et al (2020): Building a New Social Contract – Policy Recommendations, Social Justice Ireland: Dublin. <https://www.socialjustice.ie/content/publications/building-new-social-contract-policy-recommendations>. NOTE: Updated data, where available, have been included in this paper.

an income which provided a Minimum Essential Standard of Living as set out by the Vincentian Partnership for Social Justice⁶.

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

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

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

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.

⁶ www.budgeting.ie

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 must figure prominently in the new Social Contract.

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

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.

Table 1: A Policy Framework for a New Social Contract

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

Earlier this year, *Social Justice Ireland* published a series of policy recommendations to move towards the creation of this new Social Contract⁷, extracted for this paper.

A Vibrant Economy

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.

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 the standards

⁷ This paper is extracted from Bennett et al (2020): Building a New Social Contract – Policy Recommendations, Social Justice Ireland: Dublin. <https://www.socialjustice.ie/content/publications/building-new-social-contract-policy-recommendations>. NOTE: Updated data, where available, have been included in this paper.

of our European peers. 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 socially damaging, but economically counter-productive as they lead to economic contraction.

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 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 dimensions. A sustainable development framework integrates these three components 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 are to be treated as part of general government balance sheet.

Boost Public Investment

Dramatically increase investment in infrastructure and services (details under 'Decent Services and Infrastructure'). 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. 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 in 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; and reducing the teacher/pupil ratio).

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 14.7 per cent in Q4 2019⁸) 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 level⁹. 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 0.1 per 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

⁸ https://www.solas.ie/f/70398/x/715aebfcc7/lifelong-learning-among-adults_q4-2019.pdf

⁹ <https://www.oecd.org/publications/how-s-life-in-the-digital-age-9789264311800-en.htm>

which has increased from 0.5 to 0.8 per cent¹⁰. 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 Third-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 only. The employment rate is 11 percentage points higher for degree holders than for those with an upper secondary or post-secondary non-tertiary education¹¹. 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 2008¹². 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 less¹³, 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 six times the rate of Belgium, which is the best performer – and places 2nd worst behind only the United States¹⁴. We must address this from both a social and an economic standpoint. Providing a living wage would also have a positive economic multiplier effect.

¹⁰ Healy et al (2020): *Socio Economic Review 2020, Social Justice Matters: 2020 guide to a fairer Irish society*, Chapter 8, Social Justice Ireland: Dublin

¹¹ <http://www.oecd.org/skills/piaac/Ireland.pdf>

¹² https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2019/2019-11-25_an-overview-of-tertiary-education-funding-in-ireland_en.pdf

¹³ <https://www.cso.ie/en/releasesandpublications/er/lfsnmw/lfsnationalminimumwageestimatesq42019/>

¹⁴ <https://www.socialjustice.ie/content/policy-issues/low-pay-ireland-still-huge-issue>

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*¹⁵ 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 supports¹⁶. There is a need to support and upskill healthcare workers and to expand the numbers employed to ensure sufficient numbers are available to deliver a decent level of service.

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 time¹⁷. 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.

¹⁵ <https://dbei.gov.ie/en/Publications/Publication-files/Remote-Work-in-Ireland.pdf>

¹⁶ Healy et al (2020): *Socio Economic Review 2020, Social Justice Matters: 2020 guide to a fairer Irish society*, Chapter 7, Social Justice Ireland: Dublin

¹⁷ <https://www.socialjustice.ie/sites/default/files/attach/publication/6310/2020-05-18-sjipovertyfocusmay2020final.pdf>

Introduce policies to eliminate in-work poverty, including making tax credits refundable. There is an unacceptably high instance of low paid employment in Ireland. Almost 100,000 people live below the poverty line despite having a job¹⁸. 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. Such a move would give government a mechanism it currently does not have with which it can address low pay, and would also make the income tax credit system fairer.

Implement a programme to reduce overall poverty rate to 4 per cent within five years. The at-risk-of-poverty rate in Ireland is 12.8 per cent. Without the tax and social welfare systems, the rate of people experiencing poverty in Ireland would be 41.4 per cent. Such an underlying poverty rate suggests a deeply unequal distribution of market income. Of the approximately 637,000 people living in poverty in Ireland, almost 200,000 are children. As part of our move to eliminate poverty, we must set a national poverty target of 4 per cent, to be achieved 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; it should also move towards a Universal State Social Welfare Pension to support older people to live with dignity.

Decent Services and Infrastructure

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

¹⁸ <https://www.socialjustice.ie/content/policy-issues/more-637000-people-are-still-living-poverty-ireland-despite-modest>

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 annual 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 care¹⁹. However, the required capital allocation of €500 million per year for the first six years to support the infrastructure to implement Sláintecare was not made available in the intervening years since it received cross-party support in 2016, with the exception of Budget 2021 which did go some way to addressing this. In order to deliver the modern, responsive, integrated public health system that the report envisages it is vital that the necessary resources are made available.

Set a target of 20 per 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 2019²⁰, 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 2018-2021²¹ 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

¹⁹ <https://assets.gov.ie/22609/e68786c13e1b4d7daca89b495c506bb8.pdf>

²⁰ <http://www.housingagency.ie/news-events/summary-social-housing-assessments-2019>

²¹ https://www.housing.gov.ie/sites/default/files/publications/files/housing_first_implementation_plan_2018.pdf

suite of ‘wraparound’ housing and health supports. This been used successfully in Finland to almost eradicate homelessness in its entirety²². In its policy statement on Family Hubs²³, 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 cent²⁴. 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*²⁵, 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 wellbeing,

²² https://www.feantsa.org/download/a_home_of_your_own_lowres_spreads6069661816957790483.pdf

²³ <https://www.ihrec.ie/app/uploads/2017/07/The-provision-of-emergency-accommodation-to-families-experiencing-homelessness.pdf>

²⁴ <https://www.socialjustice.ie/content/policy-issues/impact-early-school-leaving>

²⁵ <https://www.nesc.ie/publications/>

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 in Ireland is relatively low²⁶. 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 & 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)²⁷. 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.

²⁶ Healy et al (2020): *Socio Economic Review 2020, Social Justice Matters: 2020 guide to a fairer Irish society*, Chapter 7, Social Justice Ireland: Dublin

²⁷ Healy et al (2020): *Socio Economic Review 2020, Social Justice Matters: 2020 guide to a fairer Irish society*, Chapter 7, Social Justice Ireland: Dublin

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 all older people to live a life with dignity.

Give greater recognition to the role of carers and work done 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 (37.5 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 Standard²⁸.

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)²⁹. 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 week³⁰. 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

²⁸ www.budgeting.ie

²⁹ Healy et al (2020): *Socio Economic Review 2020, Social Justice Matters: 2020 guide to a fairer Irish society*, Chapter 7, Social Justice Ireland: Dublin

³⁰ <https://www.irishexaminer.com/news/arid-30953375.html>

other commitments in its absence. A high-quality, State-led affordable childcare scheme is required to enable working parents to fully participate.

Just Taxation

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 economy³¹.

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 base³² shows we have significant scope for improvement and that there are many policy instruments available to us. The OECD³³ 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.

³¹ <https://www.socialjustice.ie/sites/default/files/attach/publication/6291/2020-04-27-covid-19taxbriefing-final.pdf>

³² https://ec.europa.eu/info/sites/info/files/2020-european_semester_country-report-ireland_en.pdf

³³ https://read.oecd-ilibrary.org/view/?ref=128_128575-o6rakt0aa&title=Tax-and-Fiscal-Policy-in-Response-to-the-Coronavirus-Crisis

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*³⁴. 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 effective tax rate (income tax and USC) 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 it³⁵. The restriction currently does not apply to all tax breaks, 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 CO₂ 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 2021 further increased the tax (to €33.50 per tonne) and signalled a pathway to bring the tax to €100 a tonne by 2030. In welcoming this increase, *Social Justice Ireland* highlighted the importance of investing in a just transition using the additional resources from this carbon tax increase. *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 (12.5 per cent), to date there has been limited data on the effective rate of corporate taxation

³⁴ www.revenue.ie

³⁵ Healy et al (2020): *Socio Economic Review 2020, Social Justice Matters: 2020 guide to a fairer Irish society*, Chapter 4, Social Justice Ireland: Dublin

in Ireland. A report from the Comptroller & Auditor General (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 9.8 per cent in 2016. The C&AG report further points towards a concentration of corporation tax among a small group of multinational firms and highlights that it is a small number of these firms who are aggressively minimising their tax liabilities³⁶. *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 minimum effective rate of corporation tax of 6 per 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 level³⁷. 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 significantly raise overall corporate tax revenues. Rather than introducing this change overnight, agreement may need to be reached at EU level to phase it in over three to five years. Reflecting this, we proposed prior to Budget 2021 that the effective rate be adjusted to a minimum of 6 per cent – an opportunity regrettably missed.

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

³⁶ Healy et al (2020): *Socio Economic Review 2020, Social Justice Matters: 2020 guide to a fairer Irish society*, Chapter 4, Social Justice Ireland: Dublin

³⁷ Healy et al (2020): *Socio Economic Review 2020, Social Justice Matters: 2020 guide to a fairer Irish society*, Chapter 4, Social Justice Ireland: Dublin

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 financial transactions. Similarly, global currency trading has increased sharply throughout recent decades. Transactions in these markets represent a mixture of legitimate, speculative and opportunistic financial transactions, and it is estimated that a very high proportion of all financial transactions traded are speculative and are completely free of taxation. This implies 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 40-50 per cent of annual GDP in the EU-28 and US. On an annualised basis, Irish based trading in foreign exchange markets is equivalent to 263 per cent of GDP while trading in interest rate derivatives is equivalent to 132 per cent of the annual value of GDP³⁸.

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,

³⁸ Healy et al (2020): *Socio Economic Review 2020, Social Justice Matters: 2020 guide to a fairer Irish society*, Chapter 4, Social Justice Ireland: Dublin

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. Many taxes, such as carbon tax and aviation fuel tax, are intended to promote behavioural change by 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 any 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, while avoiding the political conundrum that goes with updating bands under the current system.

A Site Value Tax is based on the value of the land, or the site, before anything has been done to it. Site Value Taxes disincentivise land hoarding, as the same rate of tax applies to a piece of land irrespective of whether it has been developed³⁹. 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 80 per 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 of the early 2000s. 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

³⁹ For more detail, see <https://www.socialjustice.ie/content/policy-issues/time-site-value-tax-replace-irelands-lpt>

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 preferential tax treatment of REITs 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 (IGEES) 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 breaks⁴⁰. Documentation accompanying Budgets 2016-2021⁴¹ 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.

⁴⁰ http://budget.gov.ie/Budgets/2015/Documents/Competing_Changing_World_Tax_Road_Map_finalrev.pdf

⁴¹ www.budget.gov.ie

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 – as much as is feasible – 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. While we welcome the commitment to establishing a Commission on Welfare and Taxation set out in the Programme for Government⁴², a dedicated 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.

Good Governance

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 the 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

⁴² Government of Ireland (2020): *Programme for Government: Our Shared Future*, Dublin: Government of Ireland.

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 Budgets⁴³. 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 drawing down nothing at all⁴⁴. 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 2020-2025⁴⁵. The Government should track levels of financial exclusion, and build and monitor policies and practices aimed at eliminating it in its entirety by 2025.

⁴³ www.socialjustice.ie/Budget

⁴⁴ <https://www.oireachtas.ie/en/debates/question/2019-11-19/660/>

⁴⁵ <https://www.gov.ie/pdf/?file=https://assets.gov.ie/46558/5cea3d74aa934fe780cc521ddbe477a7.pdf#page=1>

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 scheme⁴⁶. 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 Standards in Public Office Commission's Annual Reports under the Regulation of Lobbying Act 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.

⁴⁶ www.budget.gov.ie

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, 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 should be 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 in recent years 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 (SDGs) and wellbeing 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 Report⁴⁷, 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; and 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)⁴⁸ and the other from IHREC⁴⁹ – provided a very different view to the Committee of the lived experience of people facing discrimination. In its conclusions⁵⁰, 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.

⁴⁷ http://www.integration.ie/en/ISEC/ICERD_C_IRL_5-9_6513_E.pdf/Files/ICERD_C_IRL_5-9_6513_E.pdf

⁴⁸ <https://inar.ie/cerd19/>

⁴⁹ <https://www.ihrec.ie/reports-international-bodies/un-convention-on-the-elimination-of-all-forms-of-racial-discrimination/>

⁵⁰ https://tbinternet.ohchr.org/Treaties/CERD/Shared%20Documents/IRL/INT_CERD_COC_IRL_40806_E.pdf

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.

Sustainability

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 level of Official Development Assistance (ODA) towards the UN-agreed target⁵¹ of 0.7 per cent of national income 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 is at the forefront of developing and implementing sustainable farming practices and is 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.

⁵¹ <https://iif.un.org/content/un-target-oda-global>

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 must 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 respectively⁵². 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

⁵² Healy et al (2020): *Socio Economic Review 2020, Social Justice Matters: 2020 guide to a fairer Irish society*, Chapter 9, Social Justice Ireland: Dublin

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 announcements in Budgets 2020/2021 of allocations to begin retrofitting Local Authority housing were welcome⁵³, 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 buildings. 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 2050⁵⁴. 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 Plan⁵⁵. Unfortunately accompanying sectoral commitments

⁵³ www.budget.gov.ie

⁵⁴ <https://sustainabledevelopment.un.org/memberstates/ireland>

⁵⁵ <https://www.gov.ie/en/publication/ccb2e0-the-climate-action-plan-2019/>

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 Deal⁵⁶ 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 Rural Economic Development Zones (REDZ). 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 Development⁵⁷, 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 Areas⁵⁸ 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.

⁵⁶ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

⁵⁷ https://enrd.ec.europa.eu/enrd-thematic-work/smart-and-competitive-rural-areas/smart-villages_en

⁵⁸ <https://www.chg.gov.ie/app/uploads/2017/01/162404-rural-ireland-action-plan-web-2-1.pdf>

Low density rural economies are fundamentally different to urban economies and as such require different policies to meet a different set of challenges and opportunities. 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*⁵⁹. 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,

⁵⁹ <https://www.gov.ie/en/publication/d8fa3a-sustainable-inclusive-and-empowered-communities-a-five-year-strategy/>

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 GDP, GNP, 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*⁶⁰, based around 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' or 'tagging' all policy decisions with the relevant goal or goals.

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

⁶⁰ <https://www.socialjustice.ie/content/publications/sustainable-progress-index-2020>

that underpins our social infrastructure. The social contract as a concept has evolved to encompass a situation whereby citizens contribute to the common good – whether economically, socially or culturally – on the assumption that the State will ensure a minimum standard of living, essential social services and infrastructure is provided, 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 wellbeing of society.

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

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

In this paper, and our publication *Building a New Social Contract – Policy Recommendations, 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.