



National Recovery and Resilience Plan

Submission to Department of The Taoiseach



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1. Introduction

Social Justice Ireland welcomes the opportunity to make a submission to the public consultation on the National Recovery and Resilience Plan. Coming at such a crucial juncture, it is vital that plan take full advantage of the seven flagship areas for investment and reforms to address issues identified in the Country Specific Recommendations, deliver on commitments contained in the Programme for Government and to plot a fair and inclusive recovery from Covid-19. Our submission outlines how this could be achieved.

2. National Recovery and Resilience Plan – Investment and Reform for a New Social Contract

The aim of the EU Recovery and Resilience Facility is to mitigate the social and economic impact of Covid-19 and to make European societies and economies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions. In order to deliver a recovery and resilience plan that delivers for everyone, and to meet the ambitions and commitments in the Programme for Government to deliver a New Social Contract, Ireland's National Recovery and Resilience Plan (NRRP) must also address existing issues in areas such as housing, poverty and inequality, healthcare, childcare, a just transition and balanced regional development.

3. Investment – priority areas

Social Justice Ireland is of the opinion that the seven flagship areas identified by the European Commission and the six pillars outlined in the consultation document offer Government significant scope and opportunity to address those challenges that existed prior to Covid-19 (such as housing, healthcare, inequality, childcare) which have been exacerbated by the pandemic. Taking each of the pillars in turn we identify specific policy proposals that should be included in the NRRP¹.

- *Green transition*

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 target² 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

¹ These proposals are taken from a recent publication 'Building a New Social Contract' <https://www.socialjustice.ie/content/publications/building-new-social-contract-policy-recommendations>

² <https://iif.un.org/content/un-target-oda-global>

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.

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.

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.

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.

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 Plan³. 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

³ <https://www.gov.ie/en/publication/ccb2e0-the-climate-action-plan-2019/>

commitments and actions are required immediately. The European Green Deal⁴ 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.

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.

- Digital transformation

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 2020-2025⁵. The Government should track levels of financial exclusion, and build and monitor policies and practices aimed at eliminating it in its entirety by 2025.

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.

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

⁴ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

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<https://www.gov.ie/pdf/?file=https://assets.gov.ie/46558/5cea3d74aa934fe780cc521ddb477a7.pdf#page=1>

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*⁶ 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.

- *Smart, sustainable and inclusive growth*

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.

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.

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*⁷, 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.

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.

⁶ <https://dbei.gov.ie/en/Publications/Publication-files/Remote-Work-in-Ireland.pdf>

⁷ <https://www.nesc.ie/publications/>

- Social and territorial cohesion

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*⁸, 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.

Set an ambitious national poverty reduction target to meet SDG 1 Zero Poverty by 2030 with an initial programme to reduce overall poverty rate to 4 per cent within five years. High rates of poverty and income inequality have been the norm in Irish society for some time⁹. 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 and meet SDG 1 by 2030 in line with our Agenda 2030 commitments. 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 (five years).

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. Almost 100,000 people live below the

⁸ <https://www.socialjustice.ie/content/publications/sustainable-progress-index-2020>

⁹ <https://www.socialjustice.ie/sites/default/files/attach/publication/6310/2020-05-18-sjipovertypocusmay2020final.pdf>

poverty line despite having a job¹⁰. 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.

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.

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 Development¹¹, 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 Areas¹² 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 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.

¹⁰<https://www.socialjustice.ie/content/policy-issues/more-637000-people-are-still-living-poverty-ireland-despite-modest>

¹¹ https://enrd.ec.europa.eu/enrd-thematic-work/smart-and-competitive-rural-areas/smart-villages_en

¹² <https://www.chg.gov.ie/app/uploads/2017/01/162404-rural-ireland-action-plan-web-2-1.pdf>

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.

- *Health, and economic, social and institutional resilience*

Invest in Community Health 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 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 care¹³. 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 2019¹⁴, 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 2018-2021¹⁵ 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 entirety¹⁶. In its policy statement on Family Hubs¹⁷, IHREC recommended an amendment to section 10 of the

¹³ <https://assets.gov.ie/22609/e68786c13e1b4d7daca89b495c506bb8.pdf>

¹⁴ <http://www.housingagency.ie/news-events/summary-social-housing-assessments-2019>

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

¹⁶ https://www.feantsa.org/download/a_home_of_your_own_lowres_spreads6069661816957790483.pdf

¹⁷ <https://www.ihrec.ie/app/uploads/2017/07/The-provision-of-emergency-accommodation-to-families-experiencing-homelessness.pdf>

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.

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)¹⁸. 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.

- *Policies for the next generation, children and youth, including education and skills*

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 week¹⁹. 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.

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 2019²⁰) 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 level²¹. 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

¹⁸ Healy et al (2020): *Socio Economic Review 2020, Social Justice Matters: 2020 guide to a fairer Irish society*, Chapter 7, Social Justice Ireland: Dublin

¹⁹ <https://www.irishexaminer.com/news/arid-30953375.html>

²⁰ https://www.solas.ie/f/70398/x/715aebfcc7/lifelong-learning-among-adults_q4-2019.pdf

²¹ <https://www.oecd.org/publications/how-s-life-in-the-digital-age-9789264311800-en.htm>

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 cent²². 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 education²³. 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 2008²⁴. 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.

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 cent²⁵. 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.

4. Reform – priority areas

- Green transition

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 2050²⁶. 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.

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 welcome²⁷, however we must also ensure that new housing meets the highest possible standards of sustainability and environmental protection. There are other benefits to passive

²² Healy et al (2020): *Socio Economic Review 2020, Social Justice Matters: 2020 guide to a fairer Irish society*, Chapter 8, Social Justice Ireland: Dublin

²³ <http://www.oecd.org/skills/piaac/Ireland.pdf>

²⁴ https://data.oireachtas.ie/ie/oireachtas/parliamentaryBudgetOffice/2019/2019-11-25_an-overview-of-tertiary-education-funding-in-ireland_en.pdf

²⁵ <https://www.socialjustice.ie/content/policy-issues/impact-early-school-leaving>

²⁶ <https://sustainabledevelopment.un.org/memberstates/ireland>

²⁷ www.budget.gov.ie

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.

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.

- Smart, sustainable and inclusive growth

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 base²⁸ shows we have significant scope for improvement and that there are many policy instruments available to us. The OECD²⁹ 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.

Include the Cost of Tax Expenditures in the Budget Process. Include the full cost of all tax expenditures to the State in the annual budget process and in our annual accounts. This would give Government and all members of the Oireachtas a clearer view of the full cost of this foregone revenue to the State. It would also allow greater scrutiny of each tax expenditure, and a decision to be taken in the budget process whether it would be better to generate revenue for the exchequer by removing this tax expenditure rather than the State forgoing this revenue and generating fund elsewhere in the tax system to fund public services. *Social Justice Ireland* proposes that as part of the budgetary process, the cost of tax reliefs (by type) for each past year should be published, as should the estimated cost of tax expenditures for the year ahead. Furthermore, when considering whether to implement a proposed tax relief, government should be obliged to state publicly: (i) the objective the tax relief aims to achieve; (ii) the other options considered, and why the tax relief is deemed to be the best approach; (iii) the economic impact the tax relief likely to have; (iv) the estimated cost.

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

²⁸ https://ec.europa.eu/info/sites/info/files/2020-european_semester_country-report-ireland_en.pdf

²⁹ https://read.oecd-ilibrary.org/view/?ref=128_128575-o6raktc0aa&title=Tax-and-Fiscal-Policy-in-Response-to-the-Coronavirus-Crisis

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 breaks³⁰. Documentation accompanying Budgets 2016-2021³¹ 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.

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.

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 developed³². 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 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.

³⁰ http://budget.gov.ie/Budgets/2015/Documents/Competing_Changing_World_Tax_Road_Map_finalrev.pdf

³¹ www.budget.gov.ie

³² For more detail, see <https://www.socialjustice.ie/content/policy-issues/time-site-value-tax-replace-irelands-lpt>

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.

- Social and territorial cohesion

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.

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.

- Health, and economic, social and institutional resilience

Develop a new structure for Social Dialogue. 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. 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.

5. Country Specific Recommendations

Below we outline the particular policies and areas from the 2019 and 2020 Country Specific Recommendations that we consider most relevant to the NRRP and being cognisant of the EU Flagship areas and the six pillars identified in the consultation document.

2020 Country Specific Recommendations

Support employment through developing skills. Address the risk of digital divide, including in the education sector. Increase the provision of social and affordable housing.

Front-load mature public investment projects and promote private investment to foster the economic recovery.

Focus investment on the green and digital transition, in particular on clean and efficient production and use of energy, sustainable public transport, water supply and treatment, research and innovation and digital infrastructure.

Broaden the tax base. Step up action to address features of the tax system that facilitate aggressive tax planning, including on outbound payments. Ensure effective supervision and enforcement of the anti-money laundering framework as regards professionals providing trust and company services.

2019 Country Specific Recommendations

Limit the scope and number of tax expenditures, and broaden the tax base. Continue to address features of the tax system that may facilitate aggressive tax planning, and focus in particular on outbound payments.

Provide personalised active integration support and facilitate upskilling, in particular for vulnerable groups and people living in households with low work intensity. Increase access to affordable and quality childcare.

Focus investment-related economic policy on low carbon and energy transition, the reduction of greenhouse gas emissions, sustainable transport, water, digital infrastructure and affordable and social housing, taking into account regional disparities.

6. Conclusion

The National Recovery and Resilience Plan offers Government an opportunity to implement a new social contract that could truly improve the quality of life for all, while charting a course for our long-term recovery. Government must seize this opportunity to deliver on its own ambition “to deliver a better quality of life for all, equality within society and a deeper sense of connection to the natural world around us, and each other”.

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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