SOCIAL JUSTICE IRELAND

working to build a just society

Ireland's National Reform Programme 2022

Submission to the Department of the Taoiseach

Contents

Introduction

Social Justice Ireland welcomes the opportunity to make a submission on Ireland's National Reform Programme to the Department of the Taoiseach. The 2022 National Reform Programme will determine Ireland's contribution to meeting the targets set out in the European Pillar of Social Rights on employment, education and training and poverty and social exclusion. Ireland must be ambitious in the targets that we set ourselves, and ambitious in the policies that are implemented to reach these targets. Government should also take note of the learnings from the Europe 2020 Strategy, and actively ensure that those areas where targets were not reached, in particular poverty and social exclusion, are a key focus of the 2022 National Reform Programme (Social Justice Ireland, 2021). We are happy to elaborate further on any section of this submission.

A balanced recovery

Having experienced the impact of the Covid-19 pandemic, we must apply the lessons of what worked well to addressing other challenges. The response to Covid-19 showed that Government could expand and adjust as required to protect society and the economy. The approach taken did not mean a choice between protecting the economy and protecting society; it was both addressed simultaneously, something Social Justice Ireland has been advocating for decades.

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

A return to the pre-Covid-19 'normal' would be a pathway to continued failure. Our economic and social recovery must be balanced, and it must improve the wellbeing of everyone. Building a better future is meaningless unless 'better' means fairer, more just and, therefore, more equal. People want access to healthcare in a time of need, affordable and appropriate accommodation, meaningful work with a decent wage, a minimum floor of social supports in a time of need, access to decent services and protection of the environment.

A new approach is required if we are to see these and similar challenges being addressed effectively in the years immediately ahead. The role of Government within the economy and society is changing. The challenges we face in terms of housing, healthcare and meeting our climate goals clearly demonstrate the need for prioritising the common good.

Ireland's recovery should be built on a new Social Contract. A Social Contract focused on delivering five outcomes simultaneously: a vibrant economy; decent infrastructure and services; just taxation; good governance; and sustainability (Bennett et al, 2020).

We need investment in infrastructure and services to develop a thriving economy. We need just taxation to fund this. We need good governance to ensure people have a say in shaping the decisions that impact them. We also need to ensure that everything that is done is sustainable; environmentally, economically and socially. This will require new approaches to the world of work and a recognition of much of the work done in society that goes unpaid, under-recognised and undervalued.

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

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

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

Economic challenges

In the years before the pandemic, and despite the economic gains of recent years, Ireland continued to trail our Western European counterparts in terms of service delivery and infrastructure investment. As a result, a deficit emerged between Ireland and our peer countries in the EU-15. At the advent of Covid-19 this deficit was apparent in healthcare, housing and economic crises.

The relative resilience of tax revenues in 2020 and 2021 indicate the scale of the low pay challenge, with some sectors seeing wage growth while other sectors were totally reliant on state supports either through the Pandemic Unemployment Payment or the Employment Wage Subsidy Scheme. While the economy grew, despite the many challenges of 2020, the gains of previous years, which saw headline employment numbers, consumption and exports all on positive trajectories have all but been eradicated by the pandemic. However, according to the OECD, the Irish economy is set to recover in 2021 and expand by over 4 per cent in 2022 (OECD, 2020). The Central Bank forecasts growth of 7.1 per cent in the Irish economy in 2022, with continued growth out to 2024. It also forecasts strong employment figures, predicting an unemployment rate below 5 per cent through 2024 (Central Bank of Ireland, 2022). While the economic recovery and strong forecasts are welcome, it is important that our social and economic recovery post-Covid is balanced and that we begin to address the deficits that existed pre-Covid.

Government has capacity to borrow at historically low interest rates. We must therefore review the recovery from the current crisis in two distinct, but connected, parts. The first is the immediate aftermath of the Covid-19 crisis and the associated costs, and the second is the recovery of the economy and society into the future. These must be separated out, with the Covid-19 costs ring-fenced in 2021 and 2022 (and beyond if necessary) and financed through low-cost, very long-term borrowing.

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

The pandemic has brought about many economic and societal challenges, but it also presents an opportunity to revisit how we structure our economy so that it works for the good of society as part of a new Social Contract.

Employment challenges

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

Table 1 attempts to identify some of the labour market consequences of the pandemic by comparing CSO data from the final three months of 2020 to those for the same period in 2019. The table also includes the CSO's Covid-19 adjusted employment and unemployment estimates for December 2020; these represent the lower bound for the true employment indicator and the upper bound for the true unemployment figure. Both estimates assume that most individuals in receipt of the short-term Covid-19 Pandemic Unemployment Payment (PUP) would be unemployed if the payment did not exist. The figures reveal the hidden reality of the pandemic's labour market impact with pronounced decreases in employment and increases in unemployment. These are in addition to the existing challenges of unemployment (almost 140,000 people), underemployment (over 100,000 workers), a declining participation rate and static levels of long-term unemployment.

Table 1: Ireland's Labour Force Data and Covid-19 Impact, 2019–2020

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

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

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

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

Employment % is for those aged 15-64 years.

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

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

An insight into the sectoral impact of these labour market changes is provided by an assessment of the change in the total number of hours worked in Ireland between late 2019 and 2020 (Table 2). Overall, there were 6.6 million less hours of work completed; either through job losses, declines in economic activity, Covid-19 related closures or reduced work hours and opportunities. However, the distribution of these reductions varies dramatically across economic sectors. Some areas saw small increases, or small declines and these contrast with dramatic reductions for sectors such as accommodation and food services (-53 per cent), cultural and recreational (-36 per cent), administrative services (-34 per cent), transport (-13 per cent), construction (-13 per cent) and retail (-5 per cent). The largest impacted sectors are frequently identified as having a larger number of female workers and low paid workers.

Table 2: Change in Total Hours Worked, Q4 2019- Q4 2020

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

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

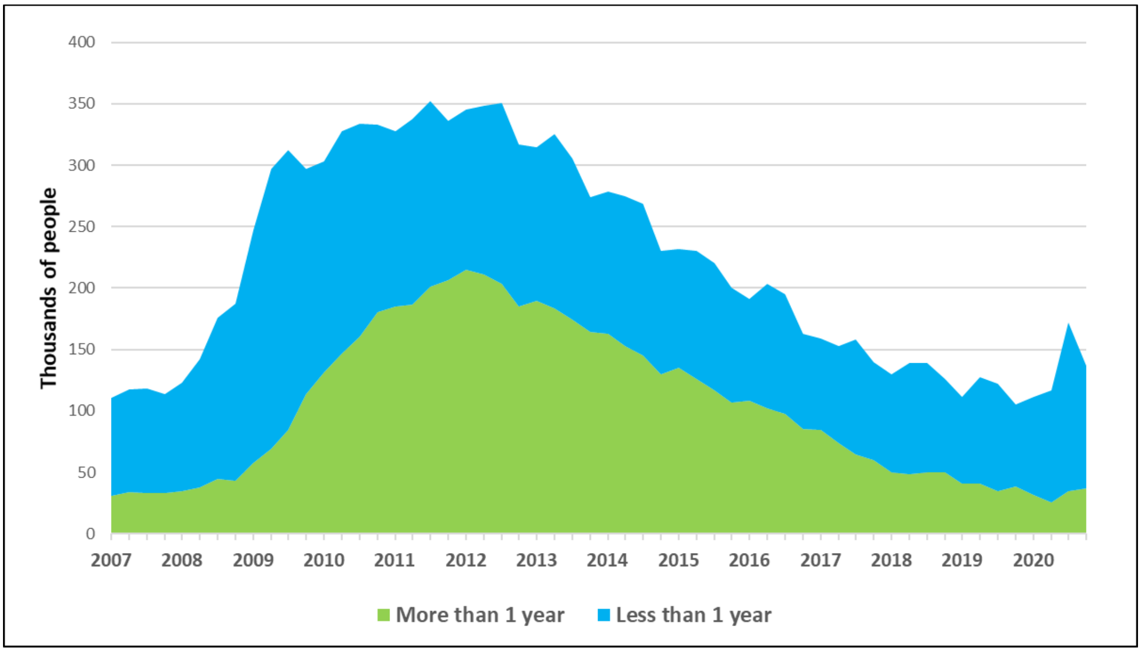
Notes: Data is for the final three months of 2019 and 2020

One of the major labour market concerns for the next few years is that many of these lost hours, or workers on temporary Government support payments, will be unable to return to work or will only be able to return to working less hours than they wish to have. As a result, the challenges of unemployment and underemployment look set to grow bigger. It is telling that income tax receipts decreased by just 1 per cent in the year to January 2021, indicating it was the lowest income earners who were most impacted by pandemic-related employment and wage losses.

Alongside these emerging challenges, it is important not to overlook the pre-pandemic labour market issues that remain, although they are somewhat hidden by the severity of the short-term labour market impacts. Long-term unemployment remains a major labour market challenge. The number of long-term unemployed was 33,300 in 2007 and increased to exceed 200,000 by 2012 before falling again to almost 37,000 in 2020 (see Table 3).

For the first time on record, in late 2010 the Labour Force Survey (LFS) data indicated that long-term unemployment accounted for more than 50 per cent of the unemployed. It took from then until late 2017 for this number to consistently drop below that threshold, reaching 26.5 per cent of the unemployed in the fourth quarter of 2020. As Chart 1 shows, the transition to these high levels was rapid and it is of concern that we might once again experience such a change. The experience of the 1980s showed the dangers and long-lasting implications of an unemployment crisis characterised by high long-term unemployment rates. It remains a policy challenge that Ireland's level of long-term unemployment remains high and that it is a policy area which receives limited attention.

Chart 1: Long-Term Unemployment in Ireland, 2007-2020



Source: CSO, LFS on-line database

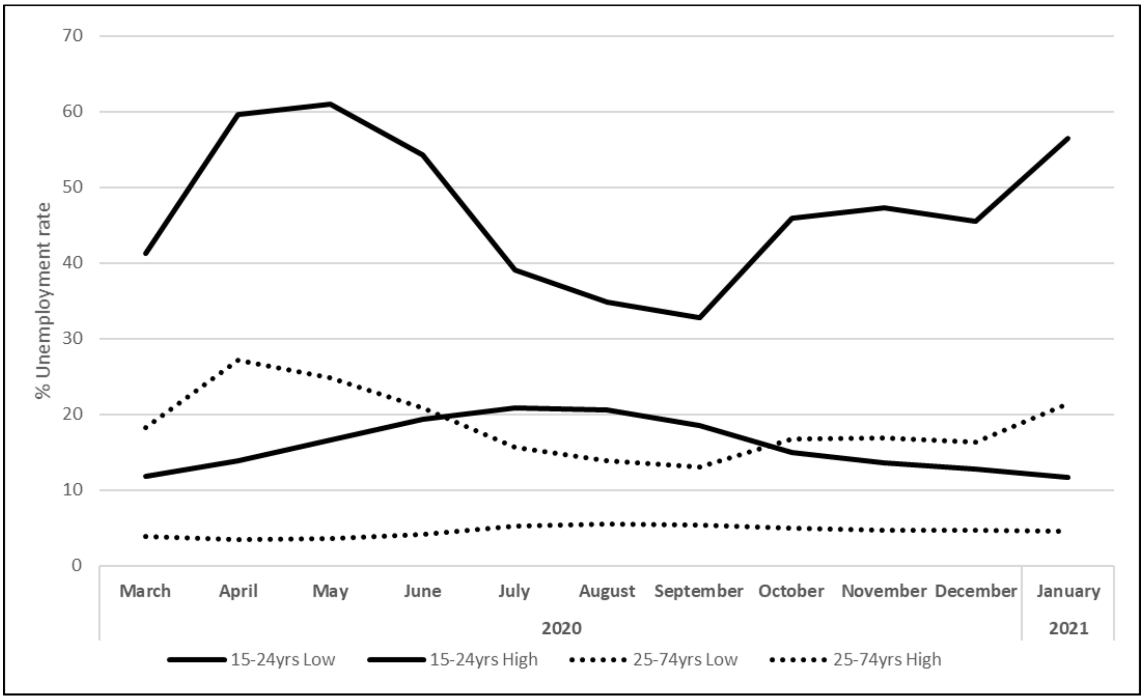
Note: Long term unemployment is defined as those unemployed for more than one year

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

Youth Unemployment

The impact of the pandemic has also differed by age group. Chart 2 reports the CSO's unemployment estimates from March 2020 to January 2021 for those aged 15-24 years (youth unemployment) and those aged above this. They provide two estimates of unemployment, a low estimate which reflects the normal measure of individuals without work and seeking work and a high estimate which add to this all of those in receipt of the PUP. If all claimants of the PUP were classified as unemployed, the CSO's COVID-19 adjusted unemployment measure indicates an overall rate of 25 per cent in January 2021; 25.9 per cent for males and 24.1 per cent for females. Breaking these results down by broad age group, the estimate is 56.4 per cent for those aged 15 to 24 years and 21.4 per cent for those aged over 25 years. The data suggest the existence, and expected future growth, of a severe youth unemployment problem. Addressing this challenge will frame a core part of the policy response to the crisis in the period ahead.

Chart 2: Estimated Unemployment Rates during Covid-19, 2020-2021



Source: CSO on-line database, Monthly Unemployment estimates

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

Underemployment and Precarious Employment

The figures in Table 1 also point towards the growth of various forms of part-time and precarious employment over recent years. While the number of people employed is higher now than in most years since 2007 among these jobs, part-time employment has become a more frequent occurrence and now represents almost one in five jobs. Within those part-time employed it is worth focusing on those who are underemployed, that is working part-time but at less hours than they are willing to work. By the fourth quarter of 2020 the numbers underemployed stood at 101,400 people, 4.4 per cent of the total Labour Force and about one-quarter of all part-time employees.

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

Social challenges

According to the latest Survey on Income and Living Conditions (CSO, 2021) 13.2 per cent of the population, 661,518 people are living below the poverty line, of which 210,363 are children. A further 133,627 people living in poverty are in employment - the "working poor". In a relatively wealthy country such as Ireland, this cannot be accepted. Without COVID-19 income supports the at risk of poverty rate in 2020 would have been almost 21%, one in five people in Ireland. While the Wage Subsidy Schemes and the Pandemic Unemployment Payment have helped to support people from the worst economic impact of the pandemic, the findings of the 2020 Survey on Income and Living Conditions are very concerning and point to the long term economic and social impact of the pandemic on households

Although the number of people in poverty is much the same as a decade ago, it rose dramatically in the period immediately post-2008 and, from 2016 onwards, has been one of notable decline in the level of poverty risk. Our analysis of the income distribution effects of recent Budgets, looking at the entire period from 2017 to 2021, indicates that budgetary policy resulted in all household types recording an increase in their disposable income. The larger gains experienced by welfare dependent households explain much of the reasons why the levels of poverty and income inequality have fallen during these years. We obviously warmly welcome this progress. It reflects a dividend from budget policy over the period which, for the most part, distributed resources more generously to welfare dependent households. Our consistent message in advance of these Budgets was to reverse the regressivity of previous policy choices and to prioritise those households with the least resources and the most needs.

However, the analysis also reveals that Budgets 2020 and 2021 shifted away from this approach, risking a reversal of much of the recent progress. Following the publication of Budget 2022 in October, we welcomed the €5.00 increase in core social welfare rates, but were disappointed to note that this was insufficient as a real step towards benchmarking social welfare against average earnings. In fact, the real value of core social welfare rates is set to fall in the coming year as inflation is predicted to pass 5 per cent in the period ahead. To maintain the real value of core welfare rates as they were prior to the Budget would have required an increase of €10, only half of which was allocated.

Social Justice Ireland had proposed an annual €10.00 increase over two years to meet this benchmark as a stepping stone towards the Minimum Essential Standard of Living[1]. Failure by Government to adopt this proposal means that the standard of living of many people who depend on social welfare will fall further behind the rest of society.

Of course, households dependent on social welfare are not the only ones experiencing poverty. According to the latest CSO data, 5 per cent of the those who are employed are living at risk of poverty,

[1] www.budgeting.ie

approximately 100,000 workers. Over time poverty figures for the working poor have shown little movement (Table 3), reflecting a persistent problem with low earnings.

Table 3: Incidence of Persons Below 60% of Median Income by Principal Economic Status, 2003-2019

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

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

Many working families on low earnings struggle to achieve a basic standard of living. Policies which protect the value of the minimum wage and reduce the prevalence of precarious employment practices are relevant policy initiatives in this area. Similarly, attempts to highlight the concept of a 'Living Wage'[2] and to increase awareness among low income working families of their entitlement to the Working Family Payment (formerly known as FIS, Family Income Supplement) are also welcome; although evidence suggests that the Working Family Payment had a very low take-up and as such this approach has questionable long-term potential.

With Budget 2022, Government chose to leave those on low incomes behind. As a result of Government's failure to focus on low to middle income households with jobs, a couple with one earner at €30,000 received an additional €0.39 between them. Even more devastating is the outcome for a household of four, two adults and two children, one income at €30,000 who also have benefited by just €0.39 over the current Government's two Budgets.

2020 marks a year when a number of recent poverty-related targets were to have been met. Sadly, latest data indicates that these targets will not be achieved. Ireland's national target is to reduce 'consistent poverty' (a combined deprivation and poverty indicator) to 2 per cent or less by 2020. Our persistent failure to meet our own poverty targets, and address poverty and deprivation among children, single parent households and people with a disability is unacceptable. These vulnerable groups are falling further behind the rest of society

2020 Country Specific Recommendations

CSR 1.

> In line with the general escape clause, take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery. When economic

[2] www.livingwage.ie

conditions allow, pursue fiscal policies aimed at achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment. Improve accessibility of the health system and strengthen its resilience, including by responding to health workforce's needs and ensuring universal coverage to primary care.

Fiscal Rules

In this time of unprecedented crisis, the European Union must heed the lessons from the financial crash of 2008 and take substantial and coordinated action to ensure that the European Social Model is at the forefront of a European wide recovery as we emerge from the worst impacts of the Covid-19 pandemic.

European fiscal rules should accommodate and indeed encourage, when appropriate, investment as a basic tool of economic policy within the capacity of governments. The Stability and Growth Pact and the rules regarding budget deficits have had the opposite effect and inhibited investment in many EU Member States at a time when investment in public services and infrastructure would have meant much-needed employment and economic stimulus. This undermined the European Social Model and meant that the European Union never fully recovered from the effects of the financial crisis. Indeed, twelve years on from the last major shock, and after seven years of continuous growth, the first year of Covid-19 has seen the European Union confront (Social Justice Ireland, 2021a):

- 14.9 million people unemployed
- 5.8 million people long-term unemployed (representing over 37 per cent of total unemployment across the EU)
- 2.9 million young people aged under 25 unemployed (the highest rates are in Spain, Greece and Italy)
- 84.5 million people living in poverty (over 3.5 million more people than in 2008) - of whom over 18.7 million are children (one fifth of Europe's children are living in poverty).

Social Justice Ireland welcomed the activation of the general escape clause of the Stability and Growth Pact and the investment and support for Member States announced thus far. However we remain concerned that a focus on prudent fiscal positions, albeit in the medium term, risks saddling member state with the economic consequences of Covid-19 for decades to come. The impact of the pandemic on Europe's society and economy has been profound, laying bare and accentuating structural disadvantages, vulnerabilities and inequalities in the labour market. It is thus vital that the path to recovery involves utilising positive economic momentum to deliver on new and more effective rights given many ongoing challenges and macro-level developments such as automation and increasing precarity

The review of the macro-economic governance of the EU should incorporate lessons learned over the past two years, and the need to ensure fiscal rules prioritise investment, not only to support recovery, but to meet the climate goals the EU and member states have set. AS currently designed, the SGP and the Fiscal Compact will prevent countries from pursuing the type of large-scale public spending required to support recovery and to meet the ambitious climate goals set out in the European Green Deal. In addition, a social imbalances procedure should be developed and incorporated into the European Semester Process to ensure that social imbalances are given the same prominence as macro-economic imbalances, and subject to the same policy response. This would support the delivery of the ambitions outlined in the European Pillar of Social Rights, support for a new, and ambitious European Social Model which can meet current and future challenges, address social imbalances and support the goals of the Conference on the Future of Europe.

The 2020 Semester Package and the Country Specific Recommendations referred to investing in a Just Transition and meeting climate obligations. The Stability and Growth Pact and the fiscal rules must not inhibit Member States from doing the large-scale investment that a Just Transition requires. Significant investment in areas such as renewable energy, transport and retrofitting are vital to ensure Europe and Member States meet their 2030 targets in terms of reducing emissions and also make the systems wide transformation that adaptation and transition require. The fiscal rules must support investment at national level, not inhibit it.

Ireland's Health System

We welcome the focus in the recommendation on the timely implementation of universal access to primary care, the need to fully implement Sláintecare and the need for reform of our long-term care system, including working in the community and support for home care. *Social Justice Ireland* welcomed the Sláintecare recognition that Ireland's health system should be built on the solid foundations of primary care and social care. However, the required capital allocation of €500 million per year for the first six years to support the infrastructure to implement Sláintecare has not been made since the programme received cross-party support. In order to deliver the modern, responsive, integrated public health system that the report envisages it is vital that the necessary investment is made available.

Covid-19 put an unprecedented strain on our healthcare system, however the systemic issues and overreliance on acute services which dominated the Irish healthcare infrastructure pre-Covid only served to exacerbate the problem. The pandemic highlighted the structured weaknesses in Ireland's health system, in particular capacity deficits and inequality in access. Older people and people in disadvantaged communities were disproportionately affected. Ireland's health system ranked 22nd out of 35 countries in the 2019 Health Consumer Powerhouse report and on the issue of accessibility, ranked worst.

Irish hospitals are working near full capacity. The occupancy rate for acute care beds is among the highest in OECD countries, and while having a high utilisation rate of hospital beds can be a sign of hospital efficiency, it can also mean that too many patients are treated at the secondary care level. The occupancy rate for acute care, hospital beds is 20 per centage points higher than the OECD average.

Like the governments of other countries, the Irish government made additional allocations in 2020 and 2021 to the health sector to deal with the COVID-19 pandemic. These commitments included expanding hospital capacity, developing primary and community-based responses, procurement of medical equipment, and an assistance scheme for private nursing homes. Universal health coverage is a key pre-requisite to improving access to care for vulnerable groups, something, that might be said to be acknowledged in the government's extension of coverage for GP visits for COVID-19 treatment to the entire population.

The model of healthcare used in Ireland is defined by an over-emphasis on hospitals and acute care rather than primary and social care being more central. However, reform will not happen without prior investment. While recognising the significant additional resources provided in response to the COVID-19 pandemic, it is essential that the resources are deployed in a way which delivers the transformation of the health service in line with Sláintecare.

Social Justice Ireland welcomed many of the initiatives and resource allocations announced as part of Budget 2022, including the commitment to implement the Sláintecare Implementation Strategy and Action Plan 2021-2023 and the continuing commitment to expanding the Health Service workforce. We have long argued for a more community-based approach to health and acknowledge the commitment to progressing Community Healthcare Networks and enhancing community care announced in Budget 2022.

Ireland is the only EU health system that doesn't offer universal coverage of primary care. The full rollout of Community Healthcare Networks is the foundation of a universal healthcare system where primary care is accessible to all. We are concerned that specific funding has not been identified. To date, the model of healthcare used in Ireland is defined by an over-emphasis on hospitals and acute care rather than primary and social care being more central. However, reform will not happen without prior investment. While recognising the significant additional resources provided in response to the COVID-19 pandemic, it is essential that the resources are deployed in a way which delivers the transformation of the health service in line with Sláintecare.

In order to improve the accessibility of the health system and ensure universal coverage of primary care Government needs to invest the €500m infrastructure allocation set out in Sláintecare and a further €150m in the roll-out of community health networks to alleviate pressure on acute services and ensure treatment is provided at the appropriate level of need.

CSR 2.

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

Developing Skills

Ireland's performance on digital skills is concerning. Over 50 per cent of the population have low or basic digital skills and almost 20 per cent have no digital skills. Only 28 per cent of people have digital skills above a basic level, below the EU average of 31 per cent. This general gap in digital skills is also confirmed by the OECD PIAAC survey of adult learning which found that the children of parents with low levels of education have significantly lower proficiency than those whose parents have higher levels of education, thus continuing the cycle of disadvantage. This is echoed in the 2018 report by the OECD on education in Ireland which found that the educational attainment levels of 25-64 year olds are very similar to that of their parents and that 40 per cent of adults whose parents did not attain upper secondary education had also not completed upper secondary education.

The skills that are easiest to automate or outsource are routine technical skills. Educational success is now about creative and critical approaches to problem solving, decision making and persuasion, applying the knowledge that we have to different situations. It is about the capacity to live in a multifaceted world as an active and engaged citizen.[3] According to the World Economic Forum[4] without investment in our social welfare, training, skills development and education systems we risk facing into an era of technological change accompanied by job losses, mass unemployment, growing inequality and skills shortages. The Future of Jobs Report 2020[5] found that half of all employees around the world will need reskilling by 2025 – and that number doesn't include all the people who are currently not in employment. The report also points to the skills that will be essential in 2025 including analytical thinking and innovation, technology competencies, active learning creativity,

[3] http://oecd.org/general/thecasefor21st-centurylearning.htm
[4] http://www3.weforum.org/docs/WEF_Future_of_Jobs_2018.pdf
[5] https://www.weforum.org/reports/the-future-of-jobs-report-2020

originality and initiative, critical thinking, persuasion and negotiation. The development of transferable skills such as critical thinking and creativity is crucial to helping people prepare to meet the workplace demands of today but also for those of tomorrow. The report finds that sectors that have suffered from low-wage growth and output for decades could reap significant benefits from upskilling.

This analysis supported by the OECD in a report on Well-being in the Digital Age[6] which found that the digital transformation could compound existing socio-economic inequalities, with the benefits in terms of earnings and opportunities accruing to a few, and the risks falling more heavily on people with lower levels of education and skills. The report notes that 14 per cent of all jobs are at high risk of being lost due to automation, with another 32 per cent at risk of significant change over the next 10 to 20 years. This means that nearly half of the labour force will be impacted by changes to their jobs as a result of automation by 2040. Our training and skills development policy must be adapted to meet this challenge.

The OECD makes a number of recommendations in relation to training and lifelong learning that should be incorporated into Ireland's National Skills Strategy (including the revision to our lifelong learning targets outlined earlier). These recommendations are:

- Training opportunities need to be life-long, and incentives need to be provided to firms for training low-skilled workers, only 40 per cent of which currently receive firm-based training.
- Governments should remove barriers to adult learning and implement policies supporting informed learning choices, new techniques such as distance learning, financing of life-long learning and developing systems of skills validation.
- Governments should also review education and training systems to improve the accessibility, quality and equity of education for young people and of training systems for adults throughout their working life.
- Foundational skills (e.g. literacy, numeracy) for all should be promoted by improving the recognition of skills acquired after initial education

Lifelong learning is one of the key policy tools available to us as we deal with the economic and social fallout of COVID-19, and to meet our climate and digital challenges. Engagement in adult learning can reduce the loss of foundation skills owing to ageing. It can help individuals acquire new skills and knowledge so that they can remain engaged in the labour market and society, despite technological and social transformations. Adult learning encompasses learning occurring in formal settings, such as vocational training and general education, as well as through participation in other forms of non-formal and informal training. Participation and willingness to participate in the available adult learning opportunities were already low before the pandemic. COVID-19 mitigation strategies had a strong impact on the availability of learning opportunities, especially derived from informal and non-formal learning. As we emerge from the pandemic and look at the challenging green and digital transitions that lie ahead, continuous investment in skills development, adult learning and lifelong learning are the best policy tools available to us, allowing investment in human capital and ensuring we can manage these transitions.

Budget 2022 provided additional supports for skills development including additional training and skills places, green skills modules for 35,000 learners, and additional apprenticeship places. We

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

welcomed this additional resourcing and additional training places and urged that the age profile for apprenticeships be expanded to include older workers who may need to reskill. However, we are concerned that the Budget did not resource the upskilling of those who are unemployed and at risk of becoming unemployed through integrating training and labour market programmes. We are also concerned at the lack of pace in terms of adopting sufficient policies to address the worrying issue of youth unemployment. These should include education and literacy initiatives as well as retraining schemes. Ongoing skills development and lifelong learning for people in employment and people who are not in employment must become an integral part of the education system.

Digital Divide

The pandemic has highlighted the challenges both Europe and Ireland face in terms of a digital divide and preparing for a digital transition. A NESC (2021) report on digital inclusion provides key information for policymakers as we consider the world of work, education and social inclusion in an increasingly digital age. The report finds that greater digital inclusion is needed to ensure that "Ireland's households, businesses and public sector are prepared for a just transition towards the 'Fourth Industrial Revolution', as ICT changes the shape of enterprise, employment and living conditions".

Among the key dimensions of digital inclusion are connectivity, access to devices, skills, and the confidence to engage with ICT.

Connectivity:

In Ireland, broadband connection rates and speeds are below average for households, businesses and farms in the Border, Midland and Western areas, for those in lower-income quintiles, and for those depending on welfare payments. In some areas, no broadband is available.

Access to Devices

Irish people on low incomes are more likely to own older and second-hand devices, to have internet access only on their smartphone, and to have limits on the amount of data they can use. Those with higher incomes are more likely to have broadband, and access to the internet on a range of devices including smartphones, laptops and desktops. These devices are much easier to use for employment or training. Finance is also a barrier to adoption of new technologies for Irish businesses and farms.

Skills Gaps

An important issue when it comes to skills gaps is the pace of change in ICT. Digital competency requires continuous learning. As well as the technical skills of being able to use devices, ICT users also need to be able to evaluate the accuracy and trustworthiness of online resources. In Ireland, skills are lower among older people, and those on lower incomes.

Confidence

Challenges are also encountered by those with poor literacy. In business and farming, smaller set-ups with owners or managers who are older tend to lag in ICT skills, and to find it difficult to compete for staff with good IT skills. This further affects their adoption of new technologies. There is an interplay between lack of skills, lack of motivation and poor use of ICT, both internationally and in Ireland.

The report sets out five overarching recommendations to ensure that the gaps identified are closed:

1. Develop a national strategy for digital inclusion, with a key focus on co-ordination, and with a strong commitment to fine-grained measurement of progress.

2. Create a comprehensive framework for digital skills progression.
3. Support digital inclusion at community level.
4. Deliver targeted supports for material access to key groups.
5. Enhance guidance for digital and assisted-digital public services, and 'complementary' channels.

More than a decade ago, the European Commission recognised that 'Digital literacy is increasingly becoming an essential life competence and the inability to access or use ICT has effectively become a barrier to social integration and personal development. Those without sufficient ICT skills are disadvantaged in the labour market and have less access to information to empower themselves as consumer, or as citizens saving time and money in offline activities and using online public services'. Over ten years later, there are still areas in (particularly rural) Ireland who continue to be disadvantaged in this way, with the digital divide further exacerbating educational disadvantage in areas with poor connectivity.

Social Justice Ireland has consistently proposed that Government policy must ensure connectivity to affordable high speed broadband access right across the country. Government should also develop programmes to enable all internet users to critically analyse information and to become "savvy, safe surfers" and a grants scheme to support low income and vulnerable households to purchase ICT equipment needed to access public services on implementation of the National Digital Strategy. In addition, Government should use the recommendations of the NESC report on Digital Inclusion as the basis of a comprehensive strategy to address digital inclusion and digital transition.

In terms of education, the impact of limited digital resources and school closures will have long-term negative impact on our economy, but the worst impacts will be felt by students who were already disadvantaged (Social Justice Ireland, 2021).

The pandemic has had a major impact on the delivery of education and training, particularly in the area of apprenticeships and vocational training. Although there may be a temptation to focus on the online delivery of lifelong learning and education and training due to the impact of the pandemic, this would be detrimental to achieving our education and training ambitions. The crisis provided a powerful test of the potential of online learning, and it also revealed its key limitations, including the prerequisite of adequate digital skills, computer equipment and internet connection to undertake training online, the difficulty of delivering traditional work-based learning online, and the struggle of teachers used to classroom instruction[7]. An OECD study found that in addition to basic digital skills, online learning requires autonomy and self-motivation. Users of online learning are primarily highly educated adults with strong digital skills and some courses show completion rates as low as 10%. The study concludes that for or online learning to represent a valuable alternative to face-to-face instruction, it needs to tackle issues of inclusiveness to ensure all adults (including those with lower digital skills, limited access to IT and lower self motivation) can benefit. It also needs to provide high-quality reskilling and upskilling opportunities that can translate into sustainable employment opportunities for job seekers[8].

Investing in education and training will help us face big challenges such as climate change, rising inequalities, technological change and demographic change. High quality education and training

[7] https://www.oecd.org/coronavirus/policy-responses/the-potential-of-online-learning-for-adults-early-lessons-from-the-covid-19-crisis-ee040002/
[8] https://www.oecd.org/coronavirus/policy-responses/the-potential-of-online-learning-for-adults-early-lessons-from-the-covid-19-crisis-ee040002/

accessible for all is one of the best investments a society can make but it does not come for free. Achieving good educational outcomes requires appropriate spending.

Social and Affordable Housing

Social Justice Ireland welcomes the focus in the country specific recommendation on the impact of a lack of social and affordable housing. We further welcome the acknowledgement that the current shortages in social housing supply remain a significant challenge to foster inclusion, also for the most vulnerable and raises concerns about the potential risks of deepening inequalities, entrenched poverty and social exclusion.

Housing Need and Demand

The Government housing strategy 'Housing For All' which has a budget of €20 billion over the next five years consists of four pathways:

- Supporting homeownership and increasing affordability;
- Eradicating homelessness, increasing social housing delivery and supporting social inclusion;
- Increasing new housing supply; and
- Addressing vacancy and efficient use of existing stock.

The Overall Targets set out in the Housing for All Strategy provide for 90,000 social homes, 36,000 affordable homes, 18,000 cost rental homes and 156,000 private homes. At first glance this seems ambitious, however they are ten-year targets and funding is guaranteed for only half that period. The targets are also based on a Housing Need and Demand Assessment (HNDA) of 32,700 new homes each year which is inadequate; it would deal with the new households seeking housing each year but it does not take sufficient account of the stock of households currently seeking appropriate accommodation.

The Government based this target on its Housing Need and Demand Assessments (HNDA)[9] and research conducted by the ESRI[10]. The difficulty is that these projections are based on new household formations and do not take account of the years of under-investment in the sector. In 2014 the ESRI projected an ongoing need for at least 25,000 new dwellings a year over the following 15 years[11]. This estimate was revised the following year to approximately 27,000 new dwellings each year between 2016 and 2018, increasing year-on-year from 2018 to reach over 30,000 in 2024. It is important to note that this and subsequent ESRI research in this area does not factor into account the full extent of housing delivery or 'pent up demand' and could therefore be considered a conservative estimate.

If we assume, on this basis, a demand of 25,000 in 2014 and 2015; a demand of 27,000 in 2016, 2017 and 2018; and an additional increase of 1,000 per annum for each of 2019 and 2020, total demand for new dwellings between 2014 and 2020 would reach 187,000 new homes. According to the CSO's New Dwelling Completions Report, just 96,535 homes were constructed during this period, creating a 'pent up demand' of 90,465 homes. By only looking at future demand based on demographic projections, rather than 'pent-up' demand, the projections relied upon in Housing for All ignore the need of almost 90,500 households.

[9] gov.ie - Housing Need and Demand Assessment (HNDA) (www.gov.ie)
[10] Regional demographics and structural housing demand at a county level (esri.ie)
[11] Executive Summary (esri.ie) p16

Social Housing

Housing for All commits to delivering 90,000 social homes by 2030, with an average of 9,500 new-build social homes per year to 2026. While the targets for overall housing provision are based on future demand only as underpinned by research, the targets for social housing don't appear have any foundation at all. 90,000 homes are not sufficient. The strategy commits to building 47,500 by 2026, with guaranteed funding. However there is no indication or detail as to how the remaining 42,500 homes to be delivered.

Social Justice Ireland is concerned that almost half of the 90,000 homes will likely be delivered through the private sector using subsidies such as the Housing Assistance Payment (HAP) and Rental Accommodation Scheme (RAS). Recent analysis by *Social Justice Ireland* (2022) on the impact of the cost of housing on the at risk of poverty rate found that poverty risk of households in receipt of housing subsidies is two and a half times greater after they have paid their rent. The poverty rate among households in receipt of housing subsidies is 22.7 per cent before they make any rent payments. After these payments have been made, that rate increases to 55.9 per cent. Clearly subsidies are not working, it is essential that Government increase spending on actually building social homes instead of relying on a dysfunctional private rented sector.

S*ocial Justice Ireland* has consistently argued for the prioritisation of social housing delivery, not social housing solutions. This would not only provide sustainable homes to the families that need them, but would free up almost 60,000 private rented homes to the market, a measure that would undoubtedly have a positive impact on market rents. The decline in Local Authority construction, discretionary nature of HAP tenancies, increase in the cost of private rents and the promotion by Government of policies which seek to rely on the private rented sector for the provision of social housing, places low-income households in precarious living situations. It is also pushing them further into poverty.

A question remains as to whether 90,000 social homes is sufficient. There are currently 61,880 households on the social housing waiting lists, as of November 2020[12]. A further 59,821 households were in private rented tenancies supported by HAP as at Q4 2020[13]. With a failure rate of 26 per cent, HAP tenancies can hardly be classified as secure or sustainable[14]. Therefore the overall existing need for social housing is 121,701, more than the social housing provision target set out in Housing for All. By ignoring current need, and not properly accounting for new entrants into the system, the social housing targets in Housing for All are doomed to fail those who need it most.

More ambition required

In order to increase the provision of social and affordable housing *Social Justice Ireland* recommends that the following policies are implemented.

Build more social and affordable housing: An increase in social housing stock is needed to sustain this sector and reduce house and rent prices into the future. The target of 90,000 social homes in Housing for All would address only three quarters of existing need, and does not take account of the 27,500 new households entering the system each year. A more appropriate target would be 20 per cent of all housing stock to be social housing, similar to other European countries. To achieve this Government must provide an annual capital cost of €3.3bn for social housing.

[12] gov.ie - Summary of Social Housing Assessments 2020 – Key Findings (www.gov.ie)
[13] gov.ie - Overall social housing provision (www.gov.ie)
[14] More than 1 in 4 HAP Tenancies not sustainable while real Social Housing need up 33% | Social Justice Ireland

Tackle long term mortgage arrears cases: Among the households most at risk of homelessness are those in mortgage arrears for more than ten years. Housing For All commits to broadening the scope for the Mortgage to Rent scheme, aiming to deliver 1,000 solutions every year. This is deeply flawed. A far better use of State resources would be to develop an equity fund to acquire a stake in properties in mortgage distress leaving families in place at a cost of €1.25bn.

Invest in a skilled workforce: To achieve a target of 20 per cent of all housing stock to be social housing will require a skilled workforce. Inclusion of a new construction apprenticeship programme whereby one in every fifteen is required to be an apprentice earning at least the Living Wage must form part of any building scheme.

Remove demand side subsidies: The process of addressing housing affordability on the supply side rather should begin as soon as possible with the establishment of a construction procurement working group and the winding down of demand side schemes that artificially maintain high house prices. Housing for All sees the Government continuing its commitment to demand-side subsidies, artificially maintaining high purchase prices. The removal of the Help to Buy Scheme would save the Exchequer €144m.

Ensure Social housing stock and land remain social: Building on land already owned by the State makes the delivery of social housing at scale feasible. According to a 2014 Residential Land Availability Survey, there was sufficient land in the ownership of the State to provide for the construction of 414,000 dwellings. Using less than half of this land would meet the 20 per cent target proposed by Social Justice Ireland. Once the houses are built, it is vital that they remain social.

Approved Housing Bodies: Legislation should also be introduced to ensure that Approved Housing Bodies retain their social housing stock as social housing and prohibit its sale on the private market. This will be even more important after Housing for All which will see AHBs provided with additional funding as they are set to play a larger role in social housing provision.

Services and infrastructure: To ensure the sustainability of social lettings, the services and infrastructure communities require must be in place. Community health networks, social care supports, community policing, safe spaces should be a priority. This regeneration would require an initial investment of €100m.

Develop a functioning Private Rented Sector: Social Justice Ireland welcomes the specific commitments made in the Housing for All Strategy to increase protections for tenants, increase inspections, investigate deposit protection schemes, and introduce long-term leases. These must be expedited.

Address Housing Data Deficits: It is impossible to make realistic progress against housing targets that are not based in reality. Government must begin the process of addressing this by aligning data collection on homelessness to the ETHOS typology and provide the necessary administration and ICT supports to Local Authorities at an initial cost of €3m.

CSR 3.

> Continue to provide support to companies, notably small and medium-sized enterprises, especially through measures ensuring their liquidity. 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.

Public Investment

Ireland must ensure that our recovery package and investment priorities post COVID-19 help us build a sustainable society and economy, and also move us towards a just transition and meeting our climate targets by 2030. Prevention an exacerbation of existing regional imbalances must also be a priority when designing investment programmes. We welcome the Commission focus on the need for high speed rural broadband, and the potential for the current crisis to worse social and economic disparities at a regional level.

Investment in green and digital transition

The Programme for Government[15] commits to an average 7% per annum reduction in overall greenhouse gas emissions from 2021 to 2030 (a 51% reduction over the decade), and to achieving net zero emissions by 2050. The Climate Action and Low Carbon Development (Amendment) Bill 2021[16] established a legally binding framework with clear targets and commitments set in law, and ensure the necessary structures and processes are embedded on a statutory basis to ensure Ireland achieves national, EU and international climate goals and obligations in the near and long term. The Bill contains a provision that the first two five-year carbon budgets proposed by the Climate Change Advisory Council should equate to a total reduction of 51% emissions over the period to 2030.

There are also European targets that Ireland must contribute to. As a member of the EU, Ireland has committed to legally binding emissions reduction targets in 2020 and 2030. We have committed to a 20 per cent reduction on 2005 emission levels by 2020, and a 30 per cent reduction of emissions compared to 2005 levels by 2030. Ireland will not meet the 2020 target and we are certainly not on a trajectory to make our 2030 targets. The European Commission has also committed to a net reduction in greenhouse gas emissions by at least 55% by 2030, a substantial increase on the previous target of a 40% reduction. Ireland must make a contribution to this target.

Provisional greenhouse gas emissions published by the Environmental Protection Agency for 2020[17] show that Ireland's greenhouse gas emissions decreased by 3.6 per cent in 2020, less than the reduction seen in 2019 (EPA, 2021). Lockdown measures in response to the COVID-19 pandemic resulted in a 15.7 per cent decrease in Transport emissions, the largest sectoral emissions reduction. Peat fuelled electricity generation decreased by 51 per cent in 2020. Together with a 15 per cent increase in wind generation - this led to a 7.9 per cent reduction in Energy Industry emissions. Residential greenhouse gas emissions increased by 9.0 per cent, with a substantial increase in carbon intensive fossil fuel use driven by low fuel prices and working from home. Agriculture emissions increased by 1.4 per cent in 2020, driven by increased activity in all areas, including a 3.2 per cent increase in the number of dairy cows.

While the overall reduction in emissions of 3.6 per cent is welcome, the majority of the reduction was due to a short term decrease in transport emissions due to the Covid 19 pandemic, which is likely to be once-off. Emissions in Ireland are cyclical, and even though emissions fell during the recession, they immediately increased as economic activity increased. Even with the impact of the pandemic taken into account, Ireland will miss our energy and climate targets for 2020. Ireland faces significant emissions challenges but now has an opportunity to ensure that our investment strategy supports a just transition, reduces emissions and rebuilds a vibrant society and economy.

[15] https://www.gov.ie/en/publication/7e05d-programme-for-government-our-shared-future/
[16] https://www.oireachtas.ie/en/bills/bill/2021/39/
[17] https://www.epa.ie/publications/monitoring--assessment/climate-change/air-emissions/Irelands-Provisional-Greenhouse-Gas-Emissions-report-1990-2020_final.pdf

Ensuring a sustainable recovery

The investment plans associated with Covid-19 recovery will be critical in setting the environmental pathway for the next few decades, and crucial for Ireland's climate ambitions and targets. Ireland's NRP investment strategy should:

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

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

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

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

CSR 4.

> 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.

Broadening the tax base

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

We must explore all tax options available to us, including redesigning old tools, introducing new ones, and bolstering ongoing efforts to address the international tax challenges posed by the digitalisation of the economy.

Social Justice Ireland believes that, over the next few years, policy should focus on increasing Ireland's tax-take. Government should set a new target to increase the overall tax-take and set out a pathway outlining how they will reach this target by broadening the tax base, and what policies will be implemented to do so. 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; an approach which minimises some of the distortionary effects that have emerged in recent years. Our target is calculated using CSO population data, ESRI population projections, and CSO and Department of Finance data on recent and future nominal overall taxation levels. The target is as follows:

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

This calculation is based on a more realistic estimation of Ireland's actual economic growth figures, as well as on per capita taxation numbers, population growth, and the estimated gap between Ireland's actual tax-take and the tax-take needed if Ireland is to provide a level of public services consistent with the expectations of a developed Western European democracy.

Increasing the overall tax take to this level would require a number of changes to the tax base and the current structure of the Irish taxation system. Increasing the overall taxation revenue to meet this new target would represent a small overall increase in taxation levels and one which we believe is unlikely to have any significant negative impact on the economy. However, it would require careful management, particularly as the windfall revenues from multi-national firms recede.

Corporation Taxes

The adequacy and fairness of corporate tax payments has been a recurring issue for a number of years. Despite a low headline rate (12.5%), there is limited data on the effective rate of corporate taxation in Ireland. A recent report from the Comptroller and Auditor General (C&AG) shed new light on this sector. Using the approach used by the Revenue Commissioners to calculate the effective tax rate (tax due as a % of taxable income) they found an overall effective corporate tax rate of 9.8% in 2016. Among the top 100 corporate tax payers, who account for 70% of corporation tax paid, eight had a 0% or less rate, five paid between 0% and 1%, one paid between 1% and 5%, seven paid between 5% and 10%, while the remainder (79 firms) paid more than 10%. It is clear that a small number of very large firms are at the core of the tax adequacy issues in this sector.

Over the past few years there has been a growing international focus on the way multi-national corporations (MNCs) manage their tax affairs. The OECD's Base Erosion and Profits Shifting (BEPS) examination has established the manner and methods by which MNCs exploit international tax structures to minimise the tax they pay.[18] Similarly, the European Commission has undertaken a series of investigations into the tax management and tax minimisation practices of a number of large MNCs

[18] See www.oecd.org/ctp/beps.htm

operating within the EU, including Ireland. The European Parliament's Special Committee on Tax Rulings has also completed a review of the EU tax system and highlighted its problems and failures (TAXE, 2015).[19]

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

As the international tax landscape changes and there is a renewed focus on the international corporate tax system, the introduction of a minimum effective corporate tax rate would serve as another opportunity for Ireland to take a leadership role in implementing progressive moves relating to the international corporation tax system.

Social Justice Ireland believes that the issue of corporate tax contributions is principally one of fairness. Profitable firms with substantial income should make a contribution to society rather than pursue various schemes and methods to avoid these contributions. We propose the introduction of a Minimum Effective Corporate Tax Rate of 6 per cent with a pathway to move to 10 per cent over time subject to the outcomes of the ongoing OECD BEPS process.

Provide an Annual Review of Tax Expenditures

The next Government should commit to an annual review of Tax Expenditures to be presented to the Oireachtas as part of the Budgetary process. This review could be published as part of the Summer Economic Statement (or Spring Economic Statement) for discussion. Sunset clauses, the impact of each tax expenditure, their cost to the State in terms of revenue foregone, their impact, and the length of time that they have been in place should all form part of this report. Consideration of any additional tax expenditures should also be presented to the Oireachtas for debate and discussion in advance of any decision being made.

Introduce Refundable Tax Credits

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

With regard to administering this reform, the central idea recognises that most people with regular incomes and jobs would not receive a cash refund of their tax credit because their incomes are too high. They would continue to benefit from the tax credit as a reduction in their tax bill. Therefore, no change is proposed for these people and they would continue to pay tax via their employers, based on their net liability after deduction of tax credits by their employers on behalf of the Revenue Commissioners.

For other people on low or irregular incomes, the refundable tax credit could be paid via a refund by the Revenue Commissioners at the end of the tax year. Following the introduction of refundable tax credits, all subsequent increases in the level of the tax credit would be of equal value to all employees. Full details of this proposal and how it would be administered are available in our study *Building a Fairer Tax System: The Working Poor and the Cost of Refundable Tax Credits*.

[19] See www.europarl.europa.eu/committees/en/taxe/home.html

Re-introduce a Windfall Gains Tax

The vast profits made by property speculators on the rezoning of land by local authorities was a particularly undesirable feature of the recent economic boom. For some time, *Social Justice Ireland* has called for a substantial tax to be imposed on the profits earned from such decisions. Re-zonings are made by elected representatives supposedly in the interest of society generally. It therefore seems appropriate that a sizeable proportion of the windfall gains they generate should be made available to local authorities and used to address the ongoing housing problems they face. In this regard, *Social Justice Ireland* welcomed the decision to put such a tax in place in 2010 and strongly condemned its removal as part of Budget 2015. Its removal has been one of the most retrograde policy initiatives in recent years.

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

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

Sustainable Development Goals

Ireland ranked 11th out of 15 comparable EU countries on the Sustainable Development Goals in 2021 (Social Justice Ireland, 2021b). This is among the main findings of 'Measuring Progress: Sustainable Progress Index 2021' a report which compares 15 comparable EU countries across all UN SDGs, assesses their performance on each individual SDG and creates a ranking table for performance overall. It uses 82 indicators across the 17 goals to analyse performance. It comprises of three dimensions: economy, society and environment.

Ireland ranked 10th out of the 15 countries on the economy in 2021. On the social index, Ireland was in the middle of the ranking, in 6th place. On the environmental index Ireland scored last suggesting significant challenges in meeting our environmental targets.

According to the report it should be recognised that Ireland is performing well in many areas. Ireland is performing well in some areas and in 2021 was in the top 5 for three SDGs; 'Quality education' (SDG 4), 'life on land'(SDG 15) and 'Peace, justice and strong institutions' (SDG16). But several of the SDGs are in the middle of the rankings (reduced inequalities, good health and wellbeing, decent jobs and economic growth for example), implying there is much scope for improvement.

However, there are certain areas where Ireland is underperforming significantly, particularly in the area of climate action. Unfortunately, in 2021 Ireland scored at the bottom of the list for several environment SDGs indicating that some persistent sustainability issues must be addressed. The data for SDG 7 'Affordable and clean energy', SDG12, 'Responsible consumption and production', SDG13, 'Climate action' in particular, point to the need to rebalance the goals of economic and social progress with sustaining the planet's environment and resources as well as combatting climate change.

Ireland ranked 11th out of the 15 countries on the economy dimension of the SDGs in 2021. Although the record on GDP per capita and unemployment is good – Ireland scored best on these indicators - the low score on the economy index is influenced by several factors including low pay, the proportion of youths not in employment, education or training (the NEET rate), the need for further policy action with regard to logistics and broadband capacities and the precentage of GDP devoted to R&D. These lower the score on this dimension.

On the social dimension of the SDGs, Ireland was in the middle of the ranking, in 6th place. Ireland scored highly on goals relating to education, peace and justice; less well on goals reflecting poverty, inequality, gender equality and health and well-being.

Ireland scored last on the environment index which suggests Ireland is facing significant challenges in meeting our environmental targets. Ireland's score has improved on some environmental SDGs, but other countries are making progress at a much faster rate, pushing Ireland to the bottom of the rankings. Poor performance on goals relating to responsible production and consumption, clean energy and climate change are among the key factors driving the result for this dimension.

Addressing the complexities of sustainable development requires a joined-up thinking approach. It requires a balance between economic and social progress and sustaining the planet's environment and resources as well as combatting climate change. It requires political ambition and commitment towards a just transition. This approach must also be reflected in the National Reform Programme, and in the European Semester Process to 2030.

European Pillar of Social Rights

The European Pillar of Social Rights sets out 20 key principles and rights which the European Commission deem essential for fair and well-functioning labour markets and social protection systems. The aim of the European Pillar of Social Rights is to take account of the changing realities of Europe's societies and the world of work.

Three 2030 headline targets are set out in the Commission's European Pillar of Social Rights Action Plan (European Commission, 2021):

- at least 78% of the population aged 20 to 64 should be in employment by 2030;
- at least 60% of all adults should be participating in training every year by 2030;
- a reduction of at least 15 million in the number of people at risk of poverty or social exclusion.

The delivery of the European Pillar of Social Rights will be challenging. Europe is not on track to meet the targets set out in the Europe 2020 Strategy, and now it must deliver on the targets set out in the European Pillar of Social Rights whilst simultaneously supporting a fair recovery from the Covid-19 pandemic and meeting the ambitious climate targets it has set itself to 2030 in the European Green Deal.

Even prior to the arrival of Covid-19 in spring 2020, it has been clear that uneven recovery over the previous decade has meant that the benefits of growth have not been equally felt. Despite some positive developments in recent years, the EU has thus failed to meet its Europe 2020 target of lifting at least 20 million people from the risk of poverty and social exclusion and still remained 'far from the original objective' by 2019 (Employment Committee and Social Protection Committee, 2019).

Twelve years on from the last major shock, and after seven years of continuous growth, the first year of Covid-19 has seen the European Union confront (Social Justice Ireland, 2021a):

- 14.9 million people unemployed;
- 5.8 million people long-term unemployed (representing over 37 per cent of total unemployment across the EU, a cause for concern);

- 2.9 million young people aged under 25 unemployed (the highest rates are in Spain, Greece and Italy);
- 84.5 million people living in poverty (over 3.5 million more people than in 2008) - of whom over 18.7 million are children (one fifth of Europe's children are living in poverty).

The European Union never fully recovered from the financial crisis. In order to meet the climate, digital, employment and poverty challenges that the European Union and Members States face a strong response based on the European Social Model is required. This response must be based on investment in a sustainable future, in our social and human capital. The European response must be focused on protecting people across the lifecycle, young and old, men and women, those with an income and those with no incomes. Those people who were already in a difficult situation before the Covid-19 crisis have been hit the hardest, and unlike in 2008, they must be protected as part of any recovery.

The key theme of the European Pillar of Social Rights is transition. It sets out how the European Union and its Member States will transition to meet the digital and climate challenges, while meeting employment, training and poverty goals. One of the fundamental principles of a Just Transition is to leave no people, communities, economic sectors or regions behind as we transition to a low carbon future. Transition is not just about reducing emissions. It is also about transforming our society and our economy, and investing in effective and integrated social protection systems, education, training and lifelong learning, childcare, out of school care, health care, long term care and other quality services, Social investment must be a top priority of transition because it is this social investment that will support those people, communities, sectors and regions as we make the difficult transition to a carbon-neutral economy, transforming how our economy and society operates. This principle must guide the development of Ireland's National Reform Programme 2022.

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