SOCIAL JUSTICE IRELAND

working to build a just society

SOCIO-ECONOMIC REVIEW 2016

Choices for Equity and Sustainability

Securing Solidarity and the Common Good

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Securing Solidarity and the Common Good

Seán Healy, Sara Bourke, Ann Leahy,
Eamon Murphy, Michelle Murphy, and
Brigid Reynolds

Social Justice Ireland

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Social Justice Ireland
Arena House
Arena Road
Sandyford
Dublin D18 V8P6
Ireland

www.socialjustice.ie

Tel: 01- 2130724

e-mail: secretary@socialjustice.ie

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INTRODUCTION AND SUMMARY OF MAIN PROPOSALS

Introduction

Ireland now has choices to make. The resources and the capacity exist to build a fair and just future for everyone in Irish society. The choices made should focus on delivering equity and sustainability while securing solidarity and the common good. Most Irish people want to live in a society with these characteristics. However, for such a society to emerge Ireland's decisions need to focus on delivering a vibrant economy, decent services and infrastructure, just taxation, good governance and a sustainable future. Such a future is possible but it requires that choices are made to secure these five very desirable outcomes in new and creative ways recognising that they are all dependent on each other and that no one area should be given priority over the others.

In this Socio-Economic Review for 2016, *Social Justice Ireland* sets out its analysis of the current situation in each of these five areas and the viable pathways it believes Ireland should follow if it is to build that fair and just society that most Irish people wish to see and that most of Ireland's politicians claim they want to deliver.

The Irish economy has been growing in a sustained manner for a number of years. However, the reported levels of growth need to be treated with caution as they are being seriously distorted by the activities of a small number of large transnational corporations. Their activities lead to a growth in gross national product (GNP) but the gain is going to the foreign owners of these corporations and not to the Irish people. Likewise, the rapid growth of investment in research and development (R&D) creates a false impression about Ireland's investment levels. Much of this investment is really spent buying licences or patents from abroad – it is not funding R&D in Ireland (FitzGerald, 2016). More is required if there is to be a vibrant economy.

Ireland's recovery has been assisted by a range of international developments over which Ireland has little or no control such as low interest rates, cheap oil and thriving export markets which have boosted Ireland's economic growth rates to be among the highest in the developed world in recent years. The most obvious manifestation of this in Ireland has been the growth in employment and the parallel decline in unemployment.

Ireland's recovery, however, has been hindered in a number of ways. For example, the insistence by the Troika that Ireland repay in full the debts owed to European and US bondholders means that Ireland has ended up paying 42 percent of the total cost of the European banking crisis. This is profoundly unjust and unfair and may well lead to serious problems in the future even though the Debt/GDP ratio has been falling steadily. More immediately it led directly to the austerity which the general public has experienced in recent years, the consequences of which are still in place. Poverty, homelessness and deprivation escalated dramatically and are higher now than when the economic crash occurred in 2008. Ireland's services and infrastructure are nowhere near the levels expected of a modern western European society.

Ireland's macroeconomic policy has also been severely constrained by current parameters. Since Economic and Monetary Union (EMU), monetary policy has rested with the European Central Bank, and membership of the Eurozone has already curbed Ireland's freedom to act in its own economic self-interest. Ireland's fiscal freedom is further constrained by both the Stability and Growth Pact (SGP) and Fiscal Compact, which limits Government deficits to 3 per cent of GDP, caps debt to GDP ratios at 60 per cent, and specifies a range of strict actions which must be taken in the event of these being exceeded. One of the major problems of this approach is that it restricts countries like Ireland whose economy is doing well but whose infrastructure and services fall well short of the European average.

In reality, Ireland's level of investment is too low to provide the housing, the services and the infrastructure that Irish people need. While the number of people employed has been growing and the numbers unemployed have been falling, which is very welcome, the level of poverty has grown, long-term unemployment has become a permanent feature of the landscape and there are huge deficits in areas such as childcare, healthcare, rural broadband and adult literacy. If Ireland is to provide decent services and infrastructure for all its population, then a step-change is required in the country's level of public investment. Because of the fiscal parameters imposed by the EU it is likely that some of this investment will need to be provided 'off the books'. Such an approach is essential. Otherwise, we are likely to see an escalation in the current levels of homelessness, poverty and exclusion and a continuation of the problems in healthcare and other areas already mentioned.

To secure a vibrant economy and to provide decent services and infrastructure it is essential to have a total tax-take closer to the EU average. It is not possible to provide EU average levels of services and infrastructure with US levels of taxation. As argued in chapters 2 and 4, Ireland can never hope to address its longer-term deficits in infrastructure and social provision if we continue to collect substantially less revenue than that required by other European countries. *Social Justice Ireland* proposes that Ireland's total tax-take rise to 34.9 per cent of GDP, the Eurostat threshold for a low-tax country, and subsequently move closer to the EU-average. This publication proposes a range of initiatives to achieve this target including the introduction of a minimum effective corporate tax rate, the introduction of a Site Value Tax and a Financial Transactions Tax.

Ireland's failures in the governance area have been well documented and commented upon in recent years. Failures in regulation contributed hugely to the economic crash of 2008. Failure to address the issue of windfall profits following planning changes, as recommended in the Kenny Report more than four decades ago, has contributed hugely to the current housing crisis. The Dáil has not seen genuine debate on many Government Bills. Most people feel they have little or no influence in shaping many of decisions that affect them directly. Reform is required.

Social Justice Ireland believes that a new social model for Ireland must be founded on the idea of deliberative democracy, in which decisions about what kind of society and economy Ireland needs are founded upon reasoned, evidence-based and enlightened debate, and in which decisions taken by government are justified and accessible to the general public. Government convened a 'National Economic Dialogue' in July 2015 and engaged with all sectors of Irish society over a two-day period. This was a welcome move towards a deliberative democracy approach and should be held regularly. *Social Justice Ireland* used this forum to pose four questions that could form the basis of any discussion on a framework for Ireland's future:

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

These questions are at the core of this publication.

Sustainability must be at the core of any solutions proposed. All policy proposals should be economically, environmentally and socially sustainable. Policies that don't meet these conditions should not be chosen. Of particular concern in this context is the issue of carbon emissions and climate justice. To ensure that all policies are sustainable in this way requires that Ireland adopt new indicators to measure progress.

MAIN RECOMMENDATIONS

A Policy Framework for a Just Society

To achieve the vision set out in this Review and to build a just society, *Social Justice Ireland* proposes a policy framework that identifies five key policy areas for reform.[1] (This is set out in summary form in Chapter 2). Here we highlight three key aspects of each of these five core areas and reference where these issues are addressed within this publication. We also list some of the key policy proposals made in the various chapters.

The first area is macroeconomic stability, which requires fiscal and financial stability and sustainable economic growth; an immediate boost to public investment, which has collapsed during the crisis; and a stabilisation of Ireland's debt levels, (Dealt with in Chapters 2 and 4)

The second area is social protection, the strengthening of social services and social infrastructure, the prioritisation of employment, and a commitment to quantitative targets to reduce poverty. (Chapters 3, 4, 5, 6, 7, 8 and 9).

The third policy area in this framework is the need for a just taxation system, which would require an increase in the overall tax-take towards 34.9 per cent of GDP and eventually towards the European average; such an increase must be implemented equitably and in a way that reduces income inequality. (These issues are dealt with in detail in chapter 4).

The fourth area is that of the governance of our country, which requires the promotion of deliberative democracy, as well as new criteria in policy evaluation and the development of a rights-based approach. (Chapter 10).

Fifth, policies must be adopted that create a sustainable future through the introduction of measures to promote climate justice, protect the environment, and generate balanced regional development. New economic and social indicators to measure performance are also required, alongside traditional national accounting measures such as GNP, GDP and GNI. (Chapters 11, 12 and 13).

These are summarised in Table 1.1.

1 The authors have presented an earlier version of this framework in Healy et al. (2013).

Table 1.1 - A policy framework for a Just Ireland

Vibrant economy	Decent services and Infrastructure	Just taxation	Good governance	Sustainability
Fiscal and financial stability and sustainable economic growth	Secure services and social infrastructure	Bring tax take towards the EU average	Deliberative democracy & PPNs	Promote climate justice and environmental protection
Adequate Investment programme	Combat unemployment & underemployment	Increase taxes equitably and reduce income inequality	Social dialogue – all sectors in deliberative process	Balanced regional development
Reduction of Ireland's debt burden	Achievement of seven Social, Economic and Cultural rights	Secure a fair share of corporate profits for the State	Reform of policy evaluation	New indicators of progress and new Satellite National Accounts

The main policy proposals for moving towards a just society contained in Chapters 3-13 are summarised here:

Chapter 3: Income Distribution

To reduce poverty rates in the years ahead the following key initiatives are required from Government:

- increase in social welfare payments.
- equity of social welfare rates.
- adequate payments for children.
- refundable tax credits.
- a universal state pension.
- a cost of disability payment.
- move towards a Basic Income system.

Chapter 4: Taxation

To develop a just taxation system Government's key policy priorities should be to:

- increase the overall tax take
- adopt policies to broaden the tax base
- develop a fairer taxation system

Chapter 5: Work, Unemployment and Job-Creation

To address the challenge of unemployment effectively, Government should:

- Launch a major public investment programme focused on creating employment and prioritise initiatives that strengthen social infrastructure, including a comprehensive school building programme and a much larger social housing programme.
- Resource the up-skilling of those who are unemployed and at risk of becoming unemployed through integrating training and labour market programmes.
- Adopt policies to address the worrying trend of youth unemployment. In particular, these should include education and literacy initiatives as well as retraining schemes.
- Recognise the scale of the evolving long-term unemployment problem and adopt targeted policies to begin to address this.
- Recognise that the term "work" is not synonymous with the concept of "paid employment". Everybody has a right to work, i.e. to contribute to his or her own development and that of the community and the wider society. This, however, should not be confined to job creation. Work and a job are not the same thing.

Chapter 6: Housing and Accommodation

To address Ireland's housing crisis, Government should:

- Put off-balance sheet financing structures in place to generate sufficient capital to finance the supply of new social housing needed to eliminate current waiting lists and also meet the additional demand that will emerge as Ireland's population grows.
- Explore the utilisation of NAMA as a housing agency with the ability to access and distribute appropriate off-balance sheet funding and to take an active role in the direction and support of Approved Housing Bodies in the provision of social housing.

- Commit to ending homelessness immediately and reduce the waiting list for social housing to a maximum of one year by 2021.
- Ensure that future builds will be based on long-term demographic projections and the appropriate services such as transport, schools, primary care centres etc. will be factored into the decision-making process.
- Ensure a sufficient proportion of social housing units are suitable for older people and people with disabilities.

Chapter 7: Healthcare

To have an adequate healthcare system Government needs to:

- Increase the availability and quality of Primary Care and Social Care services.
- Restore medical card-coverage for all people who are vulnerable.
- Create a statutory entitlement to a Home Care Package.
- Create additional respite care and long-stay care facilities for older people and people with disabilities, and provide capital investment to build additional community nursing facilities. Implement all aspects of the dementia strategy.
- Institute long-term planning and investment in the sector, acknowledging the impending demographic changes in Ireland, to ensure that we can cope with these changes.

Chapter 8: Education and Educational Disadvantage

To provide relevant education for all people throughout their lives Government should:

- Commit to increasing investment in Early Childhood Care and Education by 0.1 per cent of GDP annually to meet the OECD average by 2021.
- Set an ambitious adult literacy target.
- Commit to reach the lifelong learning target set out in the National Skills Strategy and ensure sufficient resources are made available.
- Develop a long-term sustainable funding strategy for education at all levels.

Chapter 9: Other Public Services

To ensure the provision of, and access to, a level of public services regarded as acceptable by Irish society generally Government, in addition to proposals contained in earlier chapters, should also:

- Develop and invest in an integrated public transport network.
- Increase investment in childcare infrastructure.
- Ensure the roll-out of broadband to all premises and households by 2020.
- Ensure all citizens can access a Basic Payment Account.

Chapter 10: People and Participation

To ensure that all people in Ireland are welcome and can participate effectively in shaping the decisions that impact on them Government should:

- Focus on combatting racism and discrimination, and promoting interculturalism in Ireland.
- Take a leadership role within the EU and UN on meeting the challenge of the migrant crisis in a way which respects human dignity.
- Adequately resource the Public Participation Network (PPN) structures for participation at Local Authority level and ensure capacity building is an integral part of that process.
- Ensure that there is real and effective monitoring and impact assessment of policy implementation using an evidence-based approach and involving a wide range of perspectives in this process, thus ensuring inclusion of all sectors in a new deliberative process of social dialogue.

Chapter 11: Sustainability

To ensure that all development is socially, economically and environmentally sustainable:

- Ireland must adopt targets for each of the Sustainable Development Goals.
- A reporting system to monitor progress towards the goals should be developed.
- Natural capital and ecosystems should be assigned value in our national accounting systems.
- New measurements of progress must be adopted that include social, environmental and economic indicators.

Chapter 12: Rural Development

To secure the viability of rural Ireland Government should:

- Frontload investment in rural broadband
- Invest in an integrated and accessible transport network
- Ensure finance and credit schemes for rural entrepreneurs, micro-enterprises and SMEs
- Publish a National Spatial Strategy
- Ensure public service delivery in rural areas according to the equivalence principle
- Publish a long-term rural and regional economic and social development policy

Chapter 13: The Global South

To ensure Ireland plays an active and effective part in promoting genuine development in the Global South and that all of Ireland's policies are coherent in this area Government should:[2]

- Renew its commitment to meet the United Nations target of contributing 0.7 per cent of GNP to Overseas Development Assistance by 2020.
- Ensure Irish and EU policies towards countries in the South are just. Ensure that Irish businesses operating in developing countries- in particular Irish Aid country partners- are subject to proper scrutiny and engage in sustainable development practices.
- Play a prominent, progressive role in the support and implementation of the Global Sustainable Development Goals.

2 Much greater detail on these and related initiatives is provided later in this chapter.

2.

A GUIDING VISION AND A POLICY FRAMEWORK

On the face of it, Ireland's current situation is healthy and the future is looking bright. Recent economic growth has been dramatic, as Ireland recorded the highest rate of economic growth in the Eurozone in 2015. Challenging fiscal targets have been exceeded. The number of jobs in the economy is rising and unemployment is falling. Exports are growing, strongly supported by the weakening of the Euro, and we have been going through a period of historically low interest rates.

But such a reading would ignore some vital facts. When one considers the persistent rise in poverty and social exclusion, the continuing high levels of public and private debt and the failure to reverse the multiple hits taken by the vulnerable since the crash of 2008, it is clear that the improvements in the economic position have not been to the benefit of all. High levels of emigration and youth unemployment compound this negative reading of the situation.

It is clear that the social impact of austerity policies was not considered from the beginning and, as a result, a great many people have suffered unnecessarily. *Social Justice Ireland* has consistently argued that Government could have achieved its fiscal targets in a manner that cared more for those who were vulnerable and had a less negative impact in areas such as employment.

Admittedly, Government has not been helped by the failure to adequately rectify flaws in the Eurozone's design, and by the decision of the European Commission and the European Central Bank to persist with policy frameworks that have resulted in the monetary union's spectacularly poor performance. The continuing refusal to recognise that creditors, as well as debtors, are responsible for their actions has also made the situation unjustifiably difficult for Ireland.

As Ireland reflects on the legacy of the crisis there is a widespread desire among ordinary citizens that the conditions that led to the crash in the first place are not recreated, and a hope that those in a position to ensure this does not happen have learned from the mistakes of the pre-crisis period. However, there is an equally widespread concern that decision-making patterns are reverting to those which have already failed us in the past. In this chapter *Social Justice Ireland* sets out its guiding vision and a policy framework that would see Ireland avoid the mistakes of the past and instead guarantee a just society with a just future for all.

2.1 A Guiding Vision for a Just Society[3]

Ireland needs a combination of vision and pragmatic policies that can truly move the country towards a desirable and sustainable future. *Social Justice Ireland* advocates a new guiding vision to shape the future direction of Irish society. We believe that Ireland should be guided by a vision of becoming a just society in which human rights are respected, human dignity is protected, human development is facilitated and the environment is respected and protected. The core values of such a society would be human dignity, equality, human rights, solidarity, sustainability and the pursuit of the common good.

Human dignity is central to our vision. It demands that all people be recognised as having an inherent value, worth and distinction regardless of their nationality, gender, ethnicity, culture, sexual orientation or economic and social position. *Social Justice Ireland* believes that the State must uphold and promote human dignity, treating all citizens and non-citizens alike with dignity and respect.

The need for greater equality is closely linked to the recognition of human dignity and the desire for social justice. As well as this, substantial evidence has emerged in recent years to support the view that economies and societies perform better across a number of different metrics where there is less inequality (Wilkinson & Pickett, 2009). Great disparities in wealth and power divide society, weakening the bonds between people and undermining social solidarity. A commitment to equality is required so that all people can achieve their potential.

The development and recognition of human rights has been one of the great achievements of the 20th century. In the 21st century, human rights are moving beyond civil and political rights to embrace social, economic and cultural rights. *Social Justice Ireland* believes that every person has seven core rights whose vindication should be part of any vision of the future. These core rights are the right

[3] Further information on *Social Justice Ireland*'s understanding of a Just Society and how it can be delivered may be found in a wide range of publications available on our website: www.socialjustice.ie

to sufficient income to live life with dignity; the right to meaningful work; the right to appropriate accommodation; the right to relevant education; the right to essential healthcare; the right to real participation and the right to cultural respect. Public policy should work towards the achievement of each of these rights. Care should be taken that decisions being made are not moving society or the economy in the opposite direction.

Solidarity is the recognition that we are all bound, as human beings, one to another, within nations, between nations and across generations. Many policy decisions taken in recent years are unjust to future generations. Sustainability simply must be the central motif for economic, social and environmental policy development. Central to this is the recognition that economic development, social development and environmental protection are complementary and interdependent. None of these objectives can be achieved by ignoring any of the others. Respect for the natural environment is not a luxury to be indulged in but an imperative that cannot be ignored.

Related to the environment is the issue of natural resources. The goods of the planet are for the use of all people – not just the present generation but for generations to come. The present generation must recognise that it has a responsibility to ensure that it does not damage but rather enhances the goods of the planet, be they economic, cultural, social or environmental. The structural arrangements regarding the ownership, use, accumulation and distribution of resources have a major impact on how society is shaped and how it supports the wellbeing of each of its members.

Solidarity also requires that all people and all nations recognise their duty to uphold the rights of others. The refugee crisis precipitated by the chaos in the Middle East, particularly in Syria, has created a situation of immense suffering for millions and sent many fleeing across international borders in search of safety and a better, more prosperous life.

Along with our European counterparts, Ireland has a part to play in assisting these refugees. We must withstand the urge to succumb to xenophobia and generalisations about refugees and asylum seekers. Broadly speaking, immigrants have always contributed more to European economies than they have taken in benefits when facilitated in being allowed to work, and are generally better educated than the general population (OECD, 2014). They also tend to be more concentrated in the younger and economically active age groups and thus reduce dependency ratios, particularly in Western European countries with ageing populations (Gagnon, 2014). For this reason, efforts to better integrate immigrants should be seen as an investment, rather than a cost. Such facts often do not make it into the public discourse on the matter. A positive approach to this crisis will actually benefit Ireland economically and socially, while allowing us to discharge our moral duty.

Resistance to such integration may be guided by misunderstanding, or fear of the unknown. The definition of moral courage is to resist allowing fear to overwhelm our humanity.

Social Justice Ireland believes that the values outlined above must be at the core of the vision for a nation in which all women, men and children have what they require to live life with dignity and to fulfil their potential, including sufficient income, access to the services they need and active inclusion in a genuinely participatory society. We believe the vision for Ireland set out here should guide policy development and decision-making in the period ahead. Guided by this vision, Ireland would move towards becoming a just society.

2.2 A Policy Framework for a Just Society

To achieve our vision and to build a just society, we propose a policy framework that identifies five key policy areas for reform.[4]

- The first is macroeconomic stability, which required fiscal and financial stability and sustainable economic growth; an immediate boost to investment, which has collapsed during the crisis; and a stabilisation of Ireland's debt levels, (Dealt with here and in chapter 4)
- The second area is social protection, the strengthening of social services and social infrastructure, the prioritisation of employment, and a commitment to quantitative targets to reduce poverty. (Chapters 3, 4, 5, 6, 7, 8 and 9).
- The third is the need for a just taxation system, which would require an increase in the overall tax-take towards 34.9 per cent of GDP and eventually towards the European average; such an increase must be implemented equitably and in a way that reduces income inequality. (These issues are dealt with in detail in chapter 4).
- The fourth area is that of the governance of our country, which requires the promotion of deliberative democracy, as well as new criteria in policy evaluation and the development of a rights-based approach. (Chapter 10).
- Fifth, policies must be adopted that create a sustainable future through the introduction of measures to promote climate justice, protect the environment, and generate balanced regional development. New economic and social indicators to measure performance are also required, alongside traditional national accounting measures such as GNP, GDP and GNI. (Chapters 11, 12 and 13).

[4] The authors have presented an earlier version of this framework in Healy et al. (2013).

Table 2.1 - A policy framework for a Just Ireland

Vibrant economy	Decent services and Infrastructure	Just taxation	Good governance	Sustainability
Fiscal and financial stability and sustainable economic growth	Secure services and social infrastructure	Bring tax take towards the EU average	Deliberative democracy & PPNs	Promote climate justice and environmental protection
Adequate Investment programme	Combat unemployment & underemployment	Increase taxes equitably and reduce income inequality	Social dialogue – all sectors in deliberative process	Balanced regional development
Reduction of Ireland's debt burden	Achievement of seven Social, Economic and Cultural rights	Secure a fair share of corporate profits for the State	Reform of policy evaluation	New indicators of progress and new Satellite National Accounts

i) Ensuring macroeconomic stability and a vibrant economy

Ensuring macroeconomic stability requires fiscal and financial stability, the support of a public investment programme of sufficient scale and a reduction in Ireland's debt burden. All of these measures are connected. An investment programme will contribute to growth, which would in turn lower Ireland's deficit and real debt burden. A reduction of, or commitment to reduce, Ireland's debt burden would further increase economic confidence.

Ireland's macroeconomic policy is severely constrained by current parameters. Since Economic and Monetary Union (EMU), monetary policy has rested with the European Central Bank, and membership of the Eurozone has already curbed Ireland's freedom to act in its own economic self-interest. Ireland's fiscal freedom is further constrained by both the Stability and Growth Pact (SGP) and Fiscal Compact[5], which limits Government deficits to 3 per cent of GDP, caps debt to GDP ratios at 60 per cent, and specifies a range of strict actions which must be taken in the event of these being exceeded.

[5] For further information, please see http://www.socialjustice.ie/sites/default/files/attach/publication/3723/2015-01-27-irelandandthecrisis-anarrativeoccasionalpaper.pdf

a) *Fiscal and financial stability and sustainable economic growth*

Social Justice Ireland has, in the past, called for a European-wide approach to growth. Such a call was vindicated in February when Catherine L. Mann – Chief Economist at the OECD – commented that "a stronger collective policy approach is urgently needed, focusing on a greater use of fiscal and pro-growth structural policies, to strengthen growth and reduce financial risks" (OECD, 2016)

While Ireland's macroeconomic situation appears to be improving, Government should be wary of putting too much stock in windfall gains in tax, and in short to medium-term growth spurts. There is cause for concern in the global economy, particularly for a country as reliant as Ireland is on exports for economic growth. Concerns about a hard landing for the Chinese economy, historically low oil prices, unstable commodity prices, as well as interest rate increases for the first time in almost a decade, all point to a weakness in, and likely further weakening of, global demand.

For this reason, Government should act cautiously before making significant structural changes to the revenue base. Substantially reducing or abolishing the Universal Social Charge would serve mainly to narrow the exchequer revenue base at a time of global economic uncertainty.

Furthermore, *Social Justice Ireland* is concerned about the fundamentals underlying any recent economic growth, both nationally and internationally. The United Nations (2016) has indicated that throughout the developed world, private investment has not been growing at the rate that would be expected during a period of historically low interest rates. Instead, each of Ireland's three main export destinations (the United Kingdom, the United States and the European Union) have been particularly reliant over the last few years on the circular flow of money resulting from policies of quantitative easing and large (extraordinary) fiscal stimuli. The foundations on which any growth witnessed in these three blocs has been based could well be precarious and with Ireland so heavily reliant on them for continued growth, and with the very real prospect of a Brexit looming, the wiser course of action would be to use any available funds to support an investment programme. This would not only stimulate domestic consumption, alleviating reliance on the export sector, but would create employment and leave Ireland in better stead from an infrastructural point of view should any worst-case scenarios emerge.

A weak Euro is helping to drive current growth, but we cannot rely on this for the long-term. Without the ability to adjust our own exchange rates, it seems that the primary driver of Ireland's economic growth is at the mercy of external forces. If the lessons of the 2000s have taught us nothing else, it is that the Irish economy is prone to shocks that can cause large swathes of revenue to disappear very quickly. To believe this cannot happen again would be naive.

b) An Adequate Investment Programme

Despite a historically long period of low interest rates, as well as declining government bond yields, Ireland's public investment as a percentage of GDP has been in decline since the late 2000s. Governments never really cut infrastructure investment; they merely postpone it. Doing so over a prolonged period creates an infrastructural deficit that can hinder the delivery of public services, depress domestic demand and sometimes cause needless hardship among the population

It is difficult, if not impossible, to meet the macroeconomic goals of full employment or infrastructural maintenance and expansion, or the social goals of adequate housing, healthcare and education services, without adequate levels of investment. Ireland's general government investment as a percentage of GDP was 1.9 per cent in 2014; the second lowest in the European Union (Healy, 2015). The effects of inadequate investment can be seen everywhere from the current crisis in our hospitals to the lack of adequate flood defences in towns and communities across the country.

Social Justice Ireland continues to argue for an off-balance sheet investment programme, particularly in the area of social housing. This would directly create employment and also enhance growth, which would contribute to reducing the deficit by reducing unemployment and increasing tax returns. We propose that the investment programme target both economic *and* social infrastructure, including the construction of social housing units, and investment in water infrastructure, primary care facilities and early education facilities.

c) Debt Sustainability

The debt-to-GDP ratio peaked at 123.3% in 2013 and has been declining since. The Department of Finance has indicated that 9.25 per cent of general government revenues would be devoted to servicing Ireland's debt in 2016 (Department of Finance, 2015); a figure which has also been declining due to the recent rise in economic growth. Ireland also returned a primary surplus – the budget deficit, less debt interest payments – in 2014 and in 2015. But despite these positive signs Ireland still faces substantial challenges given the scale of the debt and its vulnerability to international developments.

A significant portion of Ireland's national debt originates from bailouts of the Irish financial sector; liabilities guaranteed by the Irish state on the basis of inaccurate, possibly fraudulent, information. There has yet to be sufficient recognition of this by our European partners. This part of Ireland's debt represents a direct subsidy from the Irish public to international bondholders and the European banking system, the total cost of which was €64bn.

Assuming continuing low government debt yields, sustained economic growth, no additional liabilities arising from the banking sector, and no further economic shocks, Ireland's debt may be sustainable. However, deflation in the Eurozone could have implications for Ireland's real debt burden if it were to return on a sustained basis. To increase debt sustainability, European authorities should consider further changes to the status of the government bonds which were issued to replace the promissory notes. A better deal on Ireland's debt would represent a more appropriate acknowledgement of Ireland's role in preserving the European project.

ii) ***Decent Services and Infrastructure***

There have been significant cuts to social services and payments since 2008. *Social Justice Ireland* believes many of these cuts have been socially destructive and counter-productive. Many cuts have been capricious and were implemented without an adequate examination of their impact. Moreover, in reducing the deficit the balance between expenditure reductions and taxes was weighted disproportionately towards cuts. Investment is now required to ensure there is no further erosion of social infrastructure; something that would have significant future costs. Gross capital expenditure was €9bn in 2008 and after years of severe cuts to this budget, it will be a projected €4.9bn in 2016. As the population continues to grow, a social infrastructure deficit is inevitable as a result of underinvestment. Finally, the goal of universal provision for all must remain, particularly in the area of health, where inequalities persist between the insured and uninsured population, as well as within the uninsured population. These inequalities have only grown with the introduction of user charges and the removal of medical cards. As we have noted before, given the widespread aspiration in Irish society for adequate public services, the issue of taxation must be addressed.

a) Secure services and social infrastructure

As previously mentioned, governments never really cut infrastructure investment; they merely postpone it. Such delays often have an unduly detrimental effect on society. Between 2008 and 2014, successive governments reduced spending by €20,159m while increasing taxes by €10,180m: a ratio of €2 in spending cuts for €1 in tax increases. Measures were required to reduce the deficit, but cuts to services and social protection payments ensured they fell disproportionately upon the most vulnerable in society.

Social Justice Ireland believes that the ratio of spending cuts to tax increases should have been the reverse of what was implemented. Future tax and spending policy should focus on the building of Ireland's social infrastructure, prioritising social housing, primary and mental health facilities, and early education facilities. Adequate social infrastructure and services are necessary to achieve sufficient dignity and equality for all citizens, from children to older people. This is particularly so in the context of an increased birth rate and a gradually ageing population.

b) Combat unemployment & underemployment

Unemployment has begun to fall, but it still remains unacceptably high. In January 2016, 186,700 people were unemployed, with the rate standing at 8.6 per cent (CSO, 2016). Long-term unemployment has persistently accounted for more than half of the numbers unemployed over the course of the crisis. The Government aims to deliver full employment – 2.1 million jobs – by 2018 (Department of Social Protection, 2015), but *Social Justice Ireland* fears that not enough is being done to achieve this. Due to the aforementioned economic factors at play, we believe that supporting an adequate public investment programme is the only way to return the economy to full employment and stop underemployment becoming entrenched.

Government currently operates a number of schemes such as the Community Employment Programme, Tús and the Rural Social Scheme which support part-time jobs. However, government has also introduced schemes such as JobBridge, an unpaid internship programme which provides an additional €50 a week for working between 30 and 40 hours, and the Local Government Social Employment Scheme, which provides an additional €20 a week for working 19.5 hours a week for a local authority, with the potential for sanctions if the person refuses. There is a danger that the latter schemes could result in labour market displacement, exploitation, demoralisation, and the erosion of the principle of a 'fair day's wage for a fair day's work'. Policy and political rhetoric of recent times has too often ignored the underlying lack of employment opportunities during the last few years, with discussions on 'labour market activation' and cuts to welfare at times verging on the demonisation of the unemployed.

The recent reduction in the unemployment rate is certainly welcome, but a focus on this figure hides those who are underemployed – those involuntarily working part-time and seeking full-time work. Interest rates are historically low, and unemployment levels are still high, particularly so amongst construction workers. There has rarely been a more appropriate time to support a major infrastructure investment programme, designed both to tackle infrastructure deficits accumulated since the economic crash and to increase employment. Such investment should be aimed at increasing Ireland's long-term productivity and economic capacity.

c) Ensure seven Social, Economic and Cultural Rights are achieved

Ireland is showing signs of economic recovery. However, unless the right policy decisions are made, there is a real danger that those on the lowest incomes, and in particular those dependent on social welfare, will be allowed to fall behind as they did in the late 1990s. From 2006, Ireland's poverty levels had been slowly falling, driven by increases in social welfare payments delivered in the Budgets of 2005-2007. These increases compensated only partly for the extent to which social welfare rates had fallen behind other incomes in society over the preceding two decades. However, these advances have been reversed since 2009 with the at risk-of-poverty-rate rising from a low of 14.1 per cent in 2009 to 16.3 per cent in 2014, consistent poverty rising from a low of 4.2 per cent in 2008 to 8 per cent in 2014, while the deprivation rate has risen from a low of 11.8 per cent in 2007 to 29 per cent in 2014 (CSO, 2015:1). The demographic group which is at, by far, the greatest risk of poverty is children; approximately one in four were at risk of poverty in 2014 (CSO, 2015).

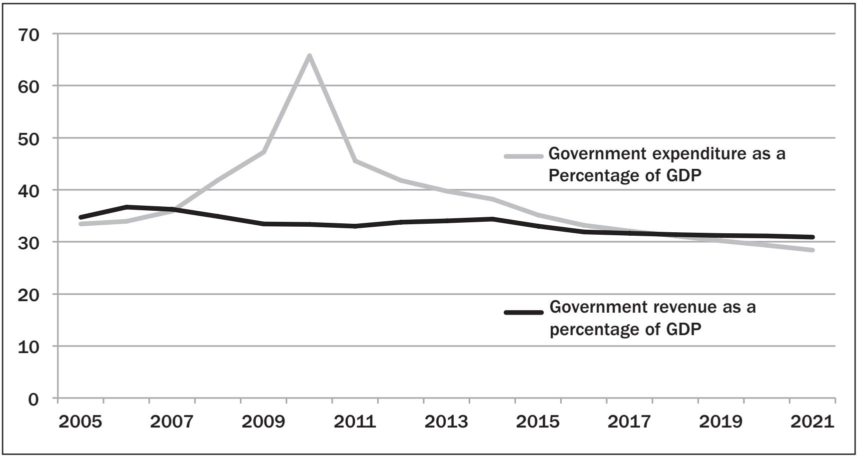
It would be a great mistake for Ireland, and Irish policy makers, to repeat the experience of the late 1990s. At that time, economic growth benefited only those who were employed while others, such as those dependent on pensions and other social welfare payments, slipped further and further behind. With economic growth emerging once again, policy should now aim to provide equity in social welfare rates across genders, with adequate payments for children and for those with disabilities.

Social Justice Ireland believes strongly in the importance of developing a rights-based approach to social, economic and cultural policy. Such an approach would go a long way towards addressing the growing inequality Ireland has been experiencing. Social, economic and cultural rights should be acknowledged and recognised, just as civil and political rights have been. *Social Justice Ireland* believes seven basic rights should be acknowledged and recognised. These are the rights to: sufficient income to live life with dignity; meaningful work; appropriate accommodation; relevant education; essential healthcare; cultural respect; and real participation in society. To be vindicated, these rights will require greater public expenditure to fund a broader provision of services.

iii) Towards a Just Taxation System

It is time Ireland had a real debate about the levels of services and infrastructure it wishes to have in the coming decades, and how these are to be financed. Policy will be constrained in the years immediately ahead by Ireland's obligations under European treaties. However, the current trajectory of government policy is for reductions in total revenue (of which tax revenue is by far the largest component) and a corresponding reduction in expenditure. The Department of Finance's *Fiscal and Economic Outlook 2016* projects total revenue and expenditure falling to 31.4 per cent and 29.0 per cent of GDP respectively in 2018. By comparison, the most recent data from Eurostat (2016) show that the European Union average was estimated to be 40 per cent of GDP. The question must be asked: on what basis are decisions being made to produce such trajectories?

Graph 2.1 – Total Revenue and Total Expenditure as a percentage of GDP, 2005-2021[6]



Notes: Figures to 2013 are taken from the AMECO database.
The cost of recapitalisation of banking institutions has been removed.
Figures from 2014 to 2021 are taken from projections contained in the Department of Finance's *Economic and Fiscal Outlook 2016*.

Policymakers and citizens alike must engage in a real and open debate about where we see ourselves moving as a society. Among the questions are: is it possible to provide the high-quality public services Irish people aspire to while allowing total expenditure to fall as a percentage of GDP? Should the recent re-emergence of economic growth be seen as an opportunity to reduce taxes, or to increase expenditure on our depleted social infrastructure? *Social Justice Ireland* believes a new policy framework is required; one that recognises that European-average levels of services and infrastructure cannot be delivered without European-average levels of taxation. Increasing the overall tax take (from all sources) towards 34.9 per cent of GDP would raise the additional revenue required, while maintaining Ireland's status as a low-tax country as defined by Eurostat.

The American jurist Oliver Wendell Holmes once said that 'taxes are the price we pay for a civilised society'. *Social Justice Ireland* has long argued that Ireland's total tax-take is simply too low to pay for the services and infrastructure we expect as citizens of a developed nation. We also believe that the incidence of taxation falls too heavily on

[6] Total expenditure takes account of all government expenditure, including interest payments which are expected to range between 3% and 2.3% of GDP per annum over the period 2016 to 2021, declining gradually each year (Department of Finance, 2015).

the shoulders of those on middle and low incomes. Therefore, the tax take must be increased in such a way that the burden falls on those most able to bear it.

a) Bring Taxes towards the European average

Ireland's tax-take in 2016 is expected to be 31.4 per cent of GDP, which is quite a bit below the Eurostat threshold for a low-tax economy (34.9 per cent of GDP) and well below the European average. Table 2.2 indicates the difference in the projected additional tax yield if Ireland's tax take moved closer to the European average than that indicated by the Department of Finance in the budget documentation for 2016. There has been some debate on the appropriate measures of Ireland's fiscal capacity in recent years, given the difference between Ireland's GNP and GDP. The Irish Fiscal Advisory Council (IFAC) has suggested a hybrid measure in the form: [H = GNP+0.4 (GDP-GNP)] (IFAC, 2012: 53). *Social Justice Ireland* has argued that the tax-take should be increased to 34.9 per cent of GDP. An equivalent figure under the IFAC would be to increase taxes to a level that fluctuates around 39.5 per cent of H.

Table 2.2 – Potential Irish Total Tax Revenues, 2014-2018 (€bn)

Year	Tax as % GDP	Tax as % of H	Total Tax Receipts	The Tax Gap (GDP)*
2014	30.50%	33.26%	57,660	8,318
2015	29.40%	32.22%	61,784	11,558
2016	29.00%	31.84%	64,706	13,165
2017	28.80%		67,270	14,248
2018	28.70%		70,035	15,130

Source: Department of Finance (2015: C 43-45).

Notes: *The Tax Gap is calculated as the difference between the projected tax take and that which would be collected if total tax receipts were equal to 34.9 per cent of GDP.

As we noted before, the reliance on a relatively low level of taxation to fund vital public services certainly contributed to the scale of the crisis in the public finances. Ireland can never hope to address its longer-term deficits in infrastructure and social provision if we continue to collect substantially less income than that required by other European countries (cf. chapter 4 for a more detailed discussion of this issue). There should also be a public debate on the appropriate level of taxation required over the next twenty years to fund our public services and social security system. Driven in part by demographic changes, future policy development will likely involve increasing public spending, as well as changes in how services are delivered. These questions should be openly debated, rather than avoided by policymakers.

b) Increase taxes equitably and reduce income inequality
If Ireland is to increase its total tax-take, it must do so in a fair and equitable manner. *Social Justice Ireland* believes that the necessary extra revenue should be partly attained by increasing income taxes for those on highest incomes, and partly by reforming the tax code and broadening the tax base. This will involve shifting taxation towards wealth and higher incomes, ensuring that those who benefit the most from Ireland's economic system contribute the most.

Social Justice Ireland advocates a minimum effective tax rate of 6 per cent for corporation tax, reform of reliefs accruing to those paying the marginal tax rate, and the introduction of a Financial Transactions Tax (FTT) in line with proposals outlined by the European Commission and accepted by leading member-states.

Initiatives like a Site Value Tax and Financial Transactions Tax would perform the dual role of raising revenue for government and encouraging the flow of capital towards productive social and economic enterprise. Capital would be reallocated to productive investment and away from speculative finance. Under such a system, what speculation does take place would be taxed in such a way as to discourage it whilst generating revenue for social infrastructure. Other initiatives like refundable tax credits and the institution of a basic income system would help make low-paid work more rewarding whilst integrating the welfare, taxation and the labour market. How a society organises income, work and participation drives all other aspects. These must be a key focus for policy makers over the next five years.

Income inequality, gender inequality and inequality of opportunity are problems in Irish society. They produce a range of negative outcomes for those who are poor and/or excluded, exacerbated by growing inequality in recent years. Pickett and Wilkinson (2009) have pointed to the negative consequences of inequality for all sections of society, pointing to better outcomes in everything from subjective well-being to lower crime in more equal societies. Stiglitz (2013) has warned of the wider effects of inequality on the political economy of a nation, as wealthier citizens gain an outsize influence in policy formulation, reducing opportunities for the majority through their policy choices. In Ireland, increases in social protection payments, particularly between 2004 and 2007, played an important role in reducing inequality. This has been reversed since 2010, as successive government budgets prioritised cuts in expenditure over increases in taxation, raising serious questions for Irish society.

While budgets in 2008 and the years immediately following were progressive, changes in taxation and expenditure since 2010 have been regressive, with the increase in VAT impacting particularly significantly on those with the lowest incomes (Callan et. al., 2012, 2013, 2014). Similarly, cuts to public services have a greater impact on those who cannot afford to avail of private alternatives; the sick, the poor and the vulnerable. The Gini coefficient, a measure of income inequality, has risen from a low of 29.3 in 2009 to 31.8 in 2014 (CSO, 2015). Reducing inequality must be a core objective of Government policy. Though the promotion of pre-distribution income equality is also important, redistribution through tax and spending decisions should be used to achieve greater equality in Ireland.

c) Secure fair share of corporate profits for the State

A key part of Ireland's industrial strategy has been to attract foreign domestic investment through the use of a low headline corporation tax rate. However, this has recently caused reputational damage due to the utilisation of the Irish tax regime by multinational corporations to avoid taxes on their corporate profits. In practice, this policy has delivered some short-term gains in terms of foreign direct investment. In the medium-term, the main beneficiaries of Ireland's tax regime may well be multinational corporations and Irish professional services companies providing tax and legal services.

A key medium-term priority must be the reconceptualisation of the role of the Irish corporation tax regime. Under international pressure from the G20 and OECD, controversial loopholes have been closed but a serious discussion must take place about the role of corporation tax in Ireland's industrial strategy, and the role of 'brass-plate' companies headquartered in Dublin for tax purposes.[7] *Social Justice Ireland* advocates Ireland change its stance towards the corporation tax debate in Europe, and take the lead in negotiating a Europe-wide minimum headline corporation tax of 17.5 per cent.

International cooperation on taxation would be to the benefit of all countries. Leadership and the political will is what is most required.

iv) Reforming Governance

In January 1971, the government assembled the Committee on the Price of Building Land, and commissioned a report with the following terms of reference:

1. To consider, in the interests of the common good, possible measures for -
   (a) controlling the price of land required for housing and other forms of development
   (b) ensuring that all or a substantial part of the increase in the value of land attributable to the decisions and operations of public authorities shall be secured for the benefit of the community

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[7] See Department of Finance (2013) for recent adjustments to Ireland's corporation tax policy.

2. To report on the merits and demerits of any measures considered, with particular reference to their legal and administrative practicability.
3. To advise on what changes in the present law may be required to give effect to any measure recommended.

This became known as the Kenny Report, after its author, Judge John Kenny, and it called for an effective end to land speculation. Despite being published in 1974, most of its recommendations were never implemented. *Social Justice Ireland* will leave it to readers to speculate as to the reason for this, and who benefited from such lack of action. However, 2010 did see the introduction of a windfall tax which would have a similar impact to that recommended in in the Kenny Report. *Social Justice Ireland* welcomed this initiative at the time and strongly condemned its removal as part of Budget 2015.

Its removal has been one of the most retrograde policy initiatives in recent years. The reason provided by the Minister for Finance for its removal bordered on the ludicrous; that there had been no significant tax-take from the initiative. Given that the period in which the tax was in place coincided with the aftermath of the economic crash when very little property was being rezoned in Ireland, it seems both imprudent and bizarre that the tax was removed at the very moment when it was likely to begin contributing to Government revenue. (These and related issues are discussed in greater detail in Chapter 4). Revenue raising aside, the move also ignores a complementary, and arguably more important, goal of such a tax; that of incentivising good behaviour in the area of planning.

We renew our call for legislation that limits the extent to which private individuals may benefit financially from decisions made (relating to zoning and other matters) by public representatives. The absence of such a limit opens the system to abuse, as has been shown by the findings of the Mahon Tribunal. The net result is that decisions that would otherwise be taken in the interest of the common good are adversely influenced by other factors.

This example serves to illustrate the extent to which reform of governance is urgently required. It has been widely recognised that Ireland's governance was poor in many areas prior to the economic crisis, particularly in relation to financial regulation. Moreover, the crisis led to Government making rash and hasty decisions without consultation, whether in relation to financial or budgetary policy, which have been recognised subsequently as damaging or – in the case of the bank guarantee – catastrophic. Reforming governance and widening democratic participation are a necessity. Ireland is, ostensibly, at the beginning of a new era. As we begin to recover from the economic crash of the late 2000s, care must be taken to ensure we do not revert to the failed patterns of decision making that led to the crisis.

a) Democratic Deliberation

Decisions taken by government must be openly debated both inside and outside the Oireachtas. Since 2008, austerity measures have been implemented in a haphazard manner, with little public debate and often a lack of explanation and justification for the measures taken. Instead of reasoned debate with citizen and civil society participation, decisions have been taken at an elite level. A number of actions taken during the crisis lacked democratic accountability and legitimacy.

Similarly lacking in open debate and participation, the secretive nature of negotiations surrounding the Transatlantic Trade and Investment Partnership (TTIP) represents a serious affront to democracy. No referendum has been held about entering a free-trade agreement with the United States, and far too little information regarding the negotiation process has been revealed.

Social Justice Ireland is also alarmed by the potential institution under TTIP of the Investor State Dispute Settlement (ISDS) procedure, which would allow international corporations to sue Government in special courts in order to strike out legislation that might impinge on the company's ability to make profit. There are already several examples of companies engaging in such action under bilateral and multilateral trade agreements already in place, such as in Australia where Philip Morris is taking a case against the Australian Government over legislation governing the marketing of cigarettes.

A procedure such as the proposed ISDS would potentially undermine government ability to legislate for the common good, for example; by improving food and other safety standards; protecting the environment or avoiding the overexploitation of natural resources; regulating medicines, or otherwise improving the national health. Such a mechanism would represent a significant infringement on democracy and corporate accountability, and result in a social and financial cost to our citizens. Even *The Economist* newspaper – for over a century the champion of trade agreements and corporate freedom – has described such an ISDS as "a way to let multinational companies get rich at the expense of ordinary people" (The Economist, 11 Oct 2014).

Social Justice Ireland believes that a new social model for Ireland must be founded on the idea of deliberative democracy, in which decisions about what kind of society and economy Ireland needs are founded upon reasoned, evidence-based and enlightened debate, and in which decisions taken by government are justified and accessible to the general public.[8] A deliberative decision making process is one where all stakeholders are involved, but the power differentials are removed (Healy and Reynolds, 2011). In such a process, stakeholders are involved in the framing,

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8 See Gutmann & Thompson (2004) and Healy and Reynolds (2011) for more on the concept of deliberative democracy.

implementing and evaluating of policies and measures that impact on them. Each citizen should have a role and voice in how our society is governed. The Public Participation Networks in Local Authorities are providing an opportunity for real engagement between local people and the local authorities across the country (for further information on this cf. chapter 10).

b) Social Dialogue

Government held its first Social Dialogue in July 2015 which it called the 'National Economic Dialogue'. *Social Justice Ireland* welcomes this deliberative approach to policymaking, and believes Government should institute such a forum on a regular basis. It should, however, not confine its deliberations to the economy. As we have argued earlier in this chapter a wide range of areas need to be addressed simultaneously if the economy is to thrive.

Such social dialogue, in various forms, is common across Europe's most successful economies and can play a key role in building a vibrant and sustainable society here in Ireland. Government will make the final decisions on all policy issues; that has always been the case. But it is important that any new policymaking approach adopted by Government is integrated and inclusive, and engages all sectors of society. Without this, lop-sided outcomes that will benefit only some will emerge.

Social Justice Ireland used this forum to pose four questions that should form the basis of any discussion on a framework for Ireland's future:

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

If Government wishes for all of society to take responsibility for producing a more viable future then it must involve all of us in shaping it. When groups have been involved in shaping decisions they are far more likely to take responsibility for implementing these decisions, difficult and demanding as they may be. Ireland urgently needs to set a course for the future that will secure macroeconomic stability, a just tax system, strengthened social services and infrastructure, good governance and a real commitment to sustainability. A social dialogue process that includes all stakeholders in Irish society would go a long way towards achieving such a future. There are lessons to be learned from the old social partnership process. It is important that this learning is based on evidence and not on the caricature of social partnership that is often presented by commentators.

c) Reform Policy Evaluation
Policy evaluation has been extremely poor in some cases throughout the crisis. *Social Justice Ireland* welcomes the steps taken by Government to increase their research and evaluative capacity. However, we believe that Government should also take steps to increase the transparency of budgetary and other important decisions, which are often opaque.

Last year's report by the OECD into the Irish budgetary process states bluntly that "the level of budget engagement by the Houses of the Oireachtas is the lowest observed in any OECD country". It accused government of a lack of engagement with parliament as a partner throughout the budget process; a lack of parliamentary input to medium-term fiscal planning; and of delaying and limiting legislative scrutiny of budget Bills and meaningful debate (OECD, 2015). *Social Justice Ireland* recommends that Government take immediate steps to comprehensively and effectively address this dearth of openness and engagement.

Government should also publish their analysis of the distributional impact of budgetary measures, and engage in public debate in light of that analysis. Previously, the Government published Poverty Impact Assessment Guidelines provided by the Office of Social Inclusion (2008) in the budgetary documentation using the ESRI's SWITCH tax-benefit model which captures the distributional impact of changes in most taxes and benefits, but this practice was discontinued from Budget 2010. Government should reintroduce this practice and also adopt gender equality and regional analyses and apply these to each budgetary measure. This should be a statutory responsibility for Government.

v) Creating a Sustainable Future
Sustainable development is development which meets the needs of the present while not compromising the needs of the future. In this regard financial, environmental, economic and social sustainability are all key objectives. In light of this, new indicators must be compiled measuring both well-being and sustainability in society, and these should be used alongside the traditional measures of GDP and GNP. These indicators should help in ensuring that issues such as climate justice and balanced regional development are prioritised.

a) Support climate justice and protect the environment
Climate change remains the largest long-term challenge facing Ireland today. The challenge of reducing Ireland's fossil fuel emissions should not be postponed in deference to the goal of economic growth. *Social Justice Ireland* believes that Ireland should adopt ambitious statutory targets limiting fossil fuel emissions, and introduce taxation measures necessary to compensate for the full costs of resource extraction and pollution. While the publication of the Climate Action and Low

Carbon Development Bill 2015 was welcome, there are no adequate sectoral targets or quantitative measures against which individual stakeholders can measure their progress. Commitments made at the COP21 conference in Paris in 2015 were based on the growing realisation that our environment is finite – a fact that had often been ignored in the past.

The economic crisis, for obvious reasons, focused attention on economic growth and financial stability. But this should never come at the expense of the physical environment, as the failure to tackle climate change now will have significant impacts into the future, including on food production, regional and global ecosystems, and on flood-prone countries and regions.

b) Balanced Regional Development

A sustainable recovery requires balanced regional development. The boom years saw an attempt to redress growing regional imbalances in socio-economic development through a National Spatial Strategy (2002-2020), though it failed to do so, partly because of Government's own initiatives such as the decentralisation programme for public servants which undermined the Strategy (Meredith and van Egeraat, 2013).

Over the last eight years, certain regions of Ireland have suffered more than others. The unemployment rates in the Mid-East region and Dublin are the lowest in the country, at 8.1 per cent and 8 per cent respectively, while the South East has an unemployment rate of 12.1 per cent (CSO, 2015). These numbers have diverged even further since the publication of *Socio-Economic Review 2015* twelve months ago and highlight the fact that regions away from the capital continue to be allowed to fall behind.

Rural areas have also been severely impacted by cuts in services. *Social Justice Ireland* is adamant that policy must ensure balanced regional development through the provision of public services – including cultural, economic and social services – and through capital spending projects, and the adoption of a new National Spatial Strategy which should be formulated through a deliberative national debate.

c) New indicators of progress and Satellite National Accounts

Creating a sustainable Ireland requires the adoption of new indicators to measure progress. GDP alone as a measure of progress is unsatisfactory, as it only describes the monetary value of gross output, income and expenditure in an economy, including many activities that are in fact detrimental to society and antithetical to the common good. The *Report by the Commission on the Measurement of Economic Performance and Social Progress*, led by Nobel prize winning economists Amartya Sen and Joseph Stiglitz and established by President Sarkozy, argued that new indicators measuring environmental, financial sustainability, well-being, and happiness are required, and *Social Justice Ireland* is fully supportive of such a conclusion.

The National Economic and Social Council (2009) has published the *Well-Being Matters* report, which suggested that measures of well-being could be constructed that capture data on six domains of people's lives that contribute to well-being including: economic resources; work and participation; relationships and care; community and environment; health; and democracy and values. We believe that a new social model should deploy such indicators alongside national accounting measures. The OECD Global Project on Measuring the Progress of Society has recommended a use of such indicators to inform evidence-based policies (Marrone, 2009: 23). They would serve as an alternative benchmark for success.

2.3 Conclusion

Social Justice Ireland's vision for society is one that incorporates fairness and equality with respect for human rights and the protection of human dignity. It envisages an Ireland where Government works in the interest of all, rather than treating GDP growth as the only measure of progress and nurturing the economy while neglecting other aspects of development in society.

Economic growth is important, and Ireland is recovering. But that recovery is fragile, driven by an export boom and a weak currency that is unlikely to be long-term in nature. Policy formation must acknowledge this and respond adequately, with precautions taken to secure the macroeconomic, fiscal, social and environmental future of the nation. This year of centenary celebration is the first year of the 32nd Dáil and of a new Programme for Government. This programme must be underpinned by a new culture that reflects the values declared in the Proclamation of the Irish Republic; a new way of doing business.

First and foremost there must be a removal, for ever, of the implicit guarantee of a bank bailout. Financial markets and speculative behaviour should correct to reflect the increased risk. An accompanying shift in emphasis in our taxation system – moving the burden away from productive enterprise and value added – would, along with an adequate social investment programme, set us well on the way to a fairer and more efficient economy, with all the attendant benefits for society.

Nobel prize-winning economist Joseph Stiglitz (2016) summed it up nicely when he recently wrote that there are certain types of policies that hold the promise of sustainable and inclusive growth.

> These begin with rewriting the rules of the market economy to ensure greater equality, more long-term thinking, and reining in the financial market with effective regulation and appropriate incentive structures. But large increases in public investment in infrastructure, education and technology will also be needed… financed, at least in part, by the imposition of environmental taxes.

Having set out our vision for Ireland and presented a policy framework for a just society, and provided some details of the policy initiatives required under each of its five pillars, we now move on to look in much greater detail at key aspects of these five pillars.

We provide a fuller analysis of both the first pillar, **macroeconomic stability**, and the associated **just taxation** system, in chapter 4 where we also set out a more detailed set of policy proposals.

We address **decent social services** in chapters 3 – on income distribution; 4 – taxation; 5 - work, unemployment and job creation; 6 - housing and accommodation; 7 – healthcare; 8 – education; 9 - other public services;. On each of these we provide an analysis and critique of the present situation, set out a vision for a fairer future and make a detailed set of policy proposals aimed at moving in that direction.

The fourth pillar, **good governance**, is addressed in chapter 10, where we again provide analysis and critique together with concrete policy proposals.

The fifth pillar, **real sustainability**, is addressed in chapters 11 – sustainability; 12 - rural development; and 13 - the global south, following the same approach.

Chapter 14 provides further details on the values that underpin our approach, our focus and our proposals.

3.

INCOME DISTRIBUTION[9]

CORE POLICY OBJECTIVE: INCOME DISTRIBUTION

To provide all with sufficient income to live life with dignity. This would require enough income to provide a minimum floor of social and economic resources in such a way as to ensure that no person in Ireland falls below the threshold of social provision necessary to enable him or her to participate in activities that are considered the norm for society generally.

The persistence of high rates of poverty and income inequality in Ireland requires greater attention than they currently receive. Tackling these problems effectively is a multifaceted task. It requires action on many fronts, ranging from healthcare and education to accommodation and employment. However, the most important requirement in tackling poverty is the provision of sufficient income to enable people to live life with dignity. No anti-poverty strategy can possibly be successful without an effective approach to addressing low incomes.

If poverty rates are to fall in the years ahead, *Social Justice Ireland* believes that the following key initiatives are required[10]:

- increase in social welfare payments.
- equity of social welfare rates.
- adequate payments for children.
- refundable tax credits.
- a universal state pension.
- a cost of disability payment.

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9 Annex 3, containing additional information relevant to this chapter, is available on the *Social Justice Ireland* website: http://www.socialjustice.ie/content/publications/type/socioeconomic-review-annex

10 Much greater detail on these and related initiatives is provided later in this chapter.

This chapter addresses the issue of income in five parts. The first (section 3.1) examines the extent and nature of poverty in Ireland today while the second (section 3.2) profiles our income distribution. The final three sections address potential remedies to these problems by outlining the issues and arguments surrounding the introduction of a living wage (section 3.3) achieving and maintaining an adequate social welfare income (section 3.4) and the introduction of a basic income (section 3.5). All address issues related to the achievement of one pillar of *Social Justice Ireland*'s 'Policy Framework for a Just Society' (see Chapter 2): 'Decent Services and Infrastructure'.

3.1 Poverty

While there is still considerable poverty in Ireland, there has been much progress on this issue over recent years. Driven by increases in social welfare payments, particularly payments to the unemployed, the elderly and people with disabilities, the rate of poverty significantly declined between 2001 and 2009. However, since reaching a record low level in 2009 it has increased, climbing to reach 16.3 per cent in the latest data, for 2014. This change was driven by budgetary policy which reversed earlier social welfare increases.[11]

Data on Ireland's income and poverty levels are now provided by the annual *SILC* survey *(Survey on Income and Living Conditions)*. This survey replaced the *European Household Panel Survey* and the *Living in Ireland Survey* which had run throughout the 1990s. Since 2003 the *SILC / EU-SILC* survey has collected detailed information on income and living conditions from up to 120 households in Ireland each week; giving a total sample of between 4,000 and 6,000 households each year.

Social Justice Ireland welcomes this survey and in particular the accessibility of the data produced. Because this survey is conducted simultaneously across all of the EU states, the results are an important contribution to the ongoing discussion on relative income and poverty levels across the EU. It also provides the basis for informed analysis of the relative position of the citizens of member states. In particular, this analysis is informed by a set of agreed indicators of social exclusion which the EU Heads of Government adopted at Laeken in 2001. These indicators are calculated from the survey results and cover four dimensions of social exclusion: financial poverty, employment, health and education. They form the basis of the EU Open Method of Co-ordination for social protection and social inclusion and the Europe 2020 poverty and social exclusion targets.

[11] Irish household income data has been collected since 1973 and all surveys up to the period 2008-2010 recorded poverty levels above 15 per cent.

What is poverty?

The National Anti-Poverty Strategy (NAPS) published by government in 1997 adopted the following definition of poverty:

> *People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living that is regarded as acceptable by Irish society generally. As a result of inadequate income and resources people may be excluded and marginalised from participating in activities that are considered the norm for other people in society.*

This definition was reiterated in the 2007 *National Action Plan for Social Inclusion 2007-2016* (*NAPinclusion*).

Where is the poverty line?

How many people are poor? On what basis are they classified as poor? These and related questions are constantly asked when poverty is discussed or analysed.

In trying to measure the extent of poverty, the most common approach has been to identify a poverty line (or lines) based on people's disposable income (earned income after taxes and including all benefits). The European Commission and the UN, among others, use a poverty line located at 60 per cent of median income. The median disposable income is the income of the middle person in society's income distribution. This poverty line is the one adopted in the *SILC* survey. While the 60 per cent median income line has been adopted as the primary poverty line, alternatives set at 50 per cent and 70 per cent of median income are also used to clarify and lend robustness to assessments of poverty.

The most up-to-date data available on poverty in Ireland comes from the 2014 *SILC* survey, conducted by the CSO (published November 2015). In that year the CSO gathered data from a statistically representative sample of 5,486 households containing 14,078 individuals. The data gathered by the CSO is very detailed. It incorporates income from work, welfare, pensions, rental income, dividends, capital gains and other regular transfers. This data was subsequently verified anonymously using PPS numbers.

According to the CSO, the median disposable income per adult in Ireland during 2014 was €18,210 per annum or €349.98 per week. Consequently, the income poverty lines for a single adult derived from this are:

50 per cent line	€174.49 a week
60 per cent line	€209.39 a week
70 per cent line	€244.29 a week

Updating the 60 per cent median income poverty line to 2016 levels, using published CSO data on the growth in average hourly earnings in 2015 (+2.1 per cent) and ESRI projections for 2016 (+2.0 per cent) produces a relative income poverty line of €218.06 for a single person. In 2016, any adult below this weekly income level will be counted as being at risk of poverty (CSO, 2015; Duffy, McQuinn, Morley and Foley, 2015: 1).

Table 3.1 shows what income corresponds to the poverty line for a number of household types. The figure of €218.06 is an income per adult equivalent figure. It is the minimum weekly disposable income (after taxes and including all benefits) that one adult needs to be above the poverty line. For each additional adult in the household this minimum income figure is increased by €143.92 (66 per cent of the poverty line figure) and for each child in the household the minimum income figure is increased by €71.96 (33 per cent of the poverty line).[12] These adjustments reflect the fact that as households increase in size they require more income to meet the basic standard of living implied by the poverty line. In all cases a household below the corresponding weekly disposable income figure is classified as living at risk of poverty. For clarity, corresponding annual figures are also included.

Table 3.1: The Minimum Weekly Disposable Income Required to Avoid Poverty in 2016, by Household Types

Household containing:	Weekly poverty line	Annual poverty line
1 adult	€218.06	€11,379
1 adult + 1 child	€290.02	€15,133
1 adult + 2 children	€361.99	€18,888
1 adult + 3 children	€433.95	€22,643
2 adults	€361.99	€18,888
2 adults + 1 child	€433.95	€22,643
2 adults + 2 children	€505.91	€26,398
2 adults + 3 children	€577.87	€30,153
3 adults	€505.91	€26,398

One immediate implication of this analysis is that most weekly social assistance rates paid to single people are almost €30 below the poverty line.

[12] For example the poverty line for a household with 2 adults and 1 child would be calculated as €218.06 + €143.92 + €71.96 = €433.95.

How many have incomes below the poverty line?

Table 3.2 outlines the findings of various poverty studies since detailed poverty studies commenced in 1994. Using the EU poverty line set at 60 per cent of median income, the findings reveal that 16 out of every 100 people in Ireland were living in poverty in 2014. The table shows that the rates of poverty decreased significantly after 2001, reaching a record low in 2009. These decreases in poverty levels were welcome. They were directly related to the increases in social welfare payments delivered over the Budgets spanning these years.[13] However poverty increased again in the period since 2010 as the effect of budgetary changes to welfare and taxes, as well as wage reductions and unemployment, drove more low income households into poverty.

Table 3.2: Percentage of population below various relative income poverty lines, 1994-2014

	1994	1998	2001	2005	2007	2009	2012	2014
50% line	6.0	9.9	12.9	10.8	8.6	6.9	9.2	8.6
60% line	**15.6**	**19.8**	**21.9**	**18.5**	**16.5**	**14.1**	**16.5**	**16.3**
70% line	26.7	26.9	29.3	28.2	26.8	24.5	24.2	24.1

Source: CSO (2015) and Whelan et al (2003:12), using national equivalence scale.
Note: All poverty lines calculated as a percentage of median income.

Because it is sometimes easy to overlook the scale of Ireland's poverty problem, it is useful to translate these poverty percentages into numbers of people. Using the percentages for the 60 per cent median income poverty line and population statistics from CSO population estimates, we can calculate the numbers of people in Ireland who have been in poverty for a number of years between 1994 and 2014. These calculations are presented in table 3.3. The results give a better picture of just how significant this problem really is.

The table's figures are telling. Looking over the past decade, there are over 33,000 less people in poverty; even accounting for the recent increases. Notably, over the period from 2004-2008, the period corresponding with consistent Budget increases in social welfare payments, almost 140,000 people left poverty. Despite this, since the onset of the recession and its associated implications for incomes (earnings and welfare), the number in poverty has increased once again, rising by 112,000 since 2009.

[13] See table 3.8 below for further analysis of this point.

Table 3.3: The numbers of people below relative income poverty lines in Ireland, 1994-2014

	% of persons in poverty	Population of Ireland	Numbers in poverty
1994	15.6	3,585,900	559,400
1998	19.8	3,703,100	733,214
2001	21.9	3,847,200	842,537
2003	19.7	3,979,900	784,040
2004	19.4	4,045,200	784,769
2005	18.5	4,133,800	764,753
2006	17.0	4,232,900	719,593
2007	16.5	4,375,800	722,007
2008	14.4	4,485,100	645,854
2009	14.1	4,533,400	639,209
2010	14.7	4,554,800	669,556
2011	16.0	4,574,900	731,984
2012	16.5	4,585,400	756,591
2013	15.2	4,593,100	698,151
2014	16.3	4,609,600	751,365

Source: Calculated using CSO on-line database population estimates, Whelan et al (2003:12) and CSO SILC reports (various years).
Note: Population estimates are for April of each year.

The fact that there are more than 750,000 people in Ireland living life on a level of income that is this low remains a major concern. As shown in table 3.1 these levels of income are low and those below them clearly face difficulties in achieving what the NAPS described as "*a standard of living that is regarded as acceptable by Irish society generally*".

A further context to these poverty rates and numbers is the changing value of the poverty line. As outlined above, the line is calculated as a percentage of median income and over the course of recent years this has notably declined. In 2007 the CSO reported the median income in Ireland (the income of the middle person in the income distribution) to be €19,794 and found that this decreased by more than 8 per cent, to €18,210, by 2014. As the poverty line is calculated as a proportion of this income it also declined, dropping by €18 per week (€950 per annum). Recent changes in the rate of poverty should be seen in the context of these changes. Even with a lower poverty line, poverty has notably increased.

The annex that accompanies this chapter (available online at: http://www.socialjustice.ie/content/publications/type/socioeconomic-review-annex) provides a more detailed profile of those groups in Ireland that are living in poverty.

The incidence of poverty

Figures detailing the incidence of poverty reveal the proportion of all those in poverty that belong to particular groups in Irish society. Tables 3.4 and 3.5 report all those below the 60 per cent of median income poverty line, classifying them by their principal economic status. The first table examines the population as a whole, including children, while the second table focuses exclusively on adults (using the ILO definition of an adult as a person aged 16 years and above).

Table 3.4 shows that in 2014, the largest group of the population who are poor, accounting for 25.6 per cent of the total, were children. The second largest groups are those who are unemployed and those on home duties (both 15.9 per cent). Of all those who are poor, 29.9 per cent were in the labour force and the remainder (70.1 per cent) were outside the labour market.[14]

Table 3.4: Incidence of persons below 60% of median income by principal economic status, 2003-2014

	2003	2005	2006	2010	2012	2014
At work	16.0	15.7	16.1	13.5	12.6	14.0
Unemployed	7.6	7.5	8.3	15.1	19.0	15.9
Students/school	8.6	13.4	15.0	12.3	14.2	15.5
On home duties	22.5	19.7	18.4	17.3	15.4	15.9
Retired	9.0	7.5	5.8	4.4	6.0	6.2
Ill/disabled	9.1	7.9	8.0	5.4	6.9	5.3
Children (under 16 years)	25.4	26.8	26.6	29.2	24.1	25.6
Other	1.9	1.6	1.8	2.8	1.8	1.6
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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

[14] This does not include the ill and people with a disability, some of whom will be active in the labour force. The SILC data does not distinguish between those temporally unable to work due to illness and those permanently outside the labour market due to illness or disability.

Table 3.5 looks at adults only and provides a more informed assessment of the nature of poverty. This is an important perspective as children depend on adults for their upbringing and support. Irrespective of how policy interventions are structured, it is through adults that any attempts to reduce the number of children in poverty must be directed. The table shows that in 2014 almost one-fifth of Ireland's adults with an income below the poverty line were employed. Overall, 40.2 per cent of adults at risk of poverty in Ireland were associated with the labour market.

The incidence of being at risk of poverty amongst those in employment is particularly alarming. Many people in this group do not benefit from Budget changes in welfare or tax. They would be the main beneficiaries of any move to make tax credits refundable, a topic addressed in Chapter 4.

Table 3.5: Incidence of adults (16yrs+) below 60% of median income by principal economic status, 2003-2014

	2003	2005	2006	2010	2012	2014
At work	21.4	21.4	21.9	19.1	16.6	18.8
Unemployed	10.2	10.2	11.3	21.3	25.0	21.4
Students/school	11.5	18.3	20.4	17.4	18.7	20.8
On home duties	30.1	26.9	25.1	24.4	20.3	21.4
Retired	12.0	10.2	7.9	6.2	7.9	8.3
Ill/disability	12.2	10.8	10.9	7.6	9.1	7.1
Other	2.5	2.2	2.5	4.0	2.4	2.2
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

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

The Scale of Poverty - Numbers of People

As the two tables in the last section deal only in percentages it is useful to transform these proportions into numbers of people. Table 3.3 revealed that 751,365 people were living below the 60 per cent of median income poverty line in 2014. Using this figure, table 3.6 presents the number of people in poverty in that year within various categories. Comparable figures are also presented for 2005, 2009 and 2011.

The data in table 3.6 is particularly useful in the context of framing anti-poverty policy. Groups such as the retired and the ill/disabled, although carrying a high risk of poverty, involve much smaller numbers of people than groups such as adults who are employed (the working poor), people on home duties (i.e. working in the home, carers) and children/students. The primary drivers of the 2005-09 poverty reductions were increasing incomes among those who were on home duties, those who are classified as ill/disabled, the retired and children. Between 2005 and 2009 the numbers of workers in poverty declined while the numbers of unemployed people in poverty notably increased. This reflected the rise in unemployment in the labour market as a whole during those years. As the table shows, the increase in poverty between 2009 and 2014 can be principally explained by the increase in poverty among children and those who are retired.

Table 3.6: Poverty Levels Expressed in Numbers of People, 2005-2014

	2005	2009	2011	2014
Overall	764,753	639,209	731,984	751,365
Adults				
At work	120,066	91,407	103,942	105,191
Unemployed	57,356	82,458	121,509	119,467
Students/school	102,477	93,325	107,602	116,462
On home duties	150,656	115,058	128,097	119,467
Retired	57,356	30,043	31,475	46,585
Ill/disability	60,415	40,909	35,135	39,822
Other	12,236	9,588	15,372	12,022
Children				
Children (under 16 yrs)	204,954	176,422	188,852	192,349
Children (under 18 yrs)	n/a	223,084	232,039	229,918

Source: Calculated using CSO SILC Reports (various years) and data from table 3.3.

Poverty and social welfare recipients

Social Justice Ireland believes in the very important role that social welfare plays in addressing poverty. As part of the *SILC* results the CSO has provided an interesting insight into the role that social welfare payments play in tackling Ireland's poverty levels. It has calculated the levels of poverty before and after the payment of social welfare benefits.

Table 3.7 shows that without the social welfare system almost half of the Irish population (49.3 per cent) would have been living in poverty in 2014. Such an underlying poverty rate suggests a deeply unequal distribution of direct income – an issue we address further in the income distribution section of this chapter. In 2014, the actual poverty figure of 16.3 per cent reflects the fact that social welfare payments reduced poverty by 33 percentage points.

Looking at the impact of these payments on poverty over time, it is clear that the increases in social welfare over the period 2005-2007 yielded noticeable reductions in poverty levels. The small increases in social welfare payments in 2001 are reflected in the smaller effects achieved in that year. Conversely, the larger increases, and therefore higher levels of social welfare payments, in subsequent years delivered greater reductions. This has occurred even as poverty levels before social welfare increased. A report by Watson and Maitre (2013) examined these effects in greater detail and noted the effectiveness of social welfare payments, with child benefit and the growth in the value of social welfare payments, playing a key role in reducing poverty levels up until 2009.

Table 3.7: The role of social welfare (SW) payments in addressing poverty

	2001	2005	2007	2009	2011	2014
Poverty pre SW	35.6	40.1	41.0	46.2	50.7	49.3
Poverty post SW	21.9	18.5	16.5	14.1	16.0	16.3
The role of SW	**-13.7**	**-21.6**	**-24.5**	**-32.1**	**-34.7**	**-33.0**

Source: CSO SILC Reports (various years) using national equivalence scale.

As social welfare payments do not flow to everybody in the population, it is interesting to examine the impact they have on alleviating poverty among certain groups, such as older people, for example. Using data from SILC 2009, the CSO found that without any social welfare payments 88 per cent of all those aged over 65 years would have been living in poverty. Benefit entitlements reduce the poverty level among this group to 9.6 per cent in 2009. Similarly, social welfare payments (including child benefit) reduce poverty among those under 18 years of age from 47.3 per cent to 18.6 per cent – a 60 per cent reduction in poverty risk (CSO, 2010:47).[15] These findings, combined with the social welfare impact data in table 3.7, underscore the importance of social transfer payments in addressing poverty; a point that needs to be borne in mind as Government forms policy and priorities in the years to come.

Analysis in the accompanying Annex to this chapter (see table A3.1 and the subsequent analysis) shows that many of the groups in Irish society which experienced increases in poverty levels over the last decade have been dependent on social welfare payments. These include pensioners, the unemployed, lone parents and those who are ill or have a disability. Table 3.8 presents the results of an analysis of five key welfare recipient groups performed by the ESRI using poverty data for five of the years between 1994 and 2001. These are the years that the Irish economy grew fastest and the core years of the ‘Celtic Tiger’ boom. Between 1994

[15] This data has not been updated in subsequent SILC publications.

and 2001 all categories experienced large growth in their poverty risk. For example, in 1994 only five out of every 100 old age pension recipients were in poverty. In 2001 this had increased ten-fold to almost 50 out of every 100. The experience of widow's pension recipients is similar.

Table 3.8: Percentage of persons in receipt of welfare benefits/assistance who were below the 60 per cent median income poverty line, 1994/1997/1998/2000/2001

	1994	1997	1998	2000	2001
Old age pension	5.3	19.2	30.7	42.9	49.0
Unemployment benefit/assistance	23.9	30.6	44.8	40.5	43.1
Illness/disability	10.4	25.4	38.5	48.4	49.4
Lone Parents allowance	25.8	38.4	36.9	42.7	39.7
Widow's pension	5.5	38.0	49.4	42.4	42.1

Source: Whelan et al (2003: 31)

Table 3.8 highlights the importance of adequate social welfare payments to prevent people becoming at risk of poverty. Over the period covered by these studies, groups similar to *Social Justice Ireland* repeatedly pointed out that these payments had failed to rise in proportion to earnings and incomes elsewhere in society. The primary consequence of this was that recipients slipped further and further back and as a consequence more and more fell into poverty. It is clear that adequate levels of social welfare need to be maintained to ensure that the mistakes of the past are not repeated. These are important lessons that should not be forgotten as the economy recovers from its recent crisis. We outline our proposals for this later in the chapter.

The poverty gap

As part of the 2001 Laeken indicators, the EU asked all member countries to begin measuring their relative "at risk of poverty gap". This indicator assesses how far below the poverty line the income of the median (middle) person in poverty is. The size of that difference is calculated as a percentage of the poverty line and therefore represents the gap between the income of the middle person in poverty and the poverty line. The higher the percentage figure, the greater the poverty gap and the further people are falling beneath the poverty line. As there is a considerable difference between being 2 per cent and 20 per cent below the poverty line this approach is significant

Table 3.9: The Poverty Gap, 2003-2014

	2003	2005	2008	2009	2011	2012	2014
Poverty gap size	21.5	20.6	19.2	16.2	19.5	20.3	18.6

Source: CSO SILC Reports (various years).

The *SILC* results for 2014 show that the poverty gap was 18.6 per cent, compared to 20.3 per cent in 2012 and 16.2 per cent in 2009. Over time, the gap had decreased from a figure of 21.5 per cent in 2003. The 2014 poverty gap figure implies that 50 per cent of those in poverty had an equivalised income below 81.4 per cent of the poverty line. Watson and Maitre (2013:39) compared the size of the market income poverty gap over the years 2004, 2007 and 2011. Adjusting for changes in prices, they found that in 2011 terms the gap was €261 for households below the poverty line, an increase from a figure of €214 in 2004. They also found that after social transfers, those remaining below the poverty line were further from that threshold in 2011 than in 2004.

As the depth of poverty is an important issue, we will monitor closely the movement of this indicator in future editions of the *SILC*. It is crucial that, as part of Ireland's approach to addressing poverty, this figure further declines in the future.

Poverty and deprivation

Income alone does not tell the whole story concerning living standards and command over resources. As we have seen in the NAPS definition of poverty, it is necessary to look more broadly at exclusion from society because of a lack of resources. This requires looking at other areas where 'as a result of inadequate income and resources people may be excluded and marginalised from participating in activities that are considered the norm for other people in society' (NAPS, 1997). Although income is the principal indicator used to assess wellbeing and ability to participate in society, there are other measures. In particular, these measures assess the standards of living people achieve by assessing deprivation through use of different indicators. To date, assessments of deprivation in Ireland have been limited and confined to a small number of items. While this is regrettable, the information gathered is worth considering.

Deprivation in the SILC survey

Since 2007 the CSO has presented 11 measures of deprivation in the *SILC* survey, compared to just eight before that. While this increase was welcome, *Social Justice Ireland* and others have expressed serious reservations about the overall range of measures employed. We believe that a whole new approach to measuring deprivation should be developed. Continuing to collect information on a limited number of static indicators is problematic in itself and does not present a true picture of the dynamic nature of Irish society. However, given these reservations, the trends are informative and offer some insight into the impact of the recent recession on households and living standards across the state.

The results presented in table 3.10 shows that in 2014 the rates of deprivation recorded across the set of 11 items varied between 3 and 25 per cent of the Irish population. Overall 56.3 per cent of the population were not deprived of any item, while 14.6 per cent were deprived of one item, 8.8 per cent were without two items and 20.2 per cent were without three or more items. Among those living on an income below the poverty line, more than half (49.3 per cent) experienced deprivation of 2 or more items.

Table 3.10: Levels of deprivation for eleven items among the population and those in poverty, 2014 (%)

	Total Pop	Those in Poverty
Without heating at some stage in the past year	15.7	28.4
Unable to afford a morning, afternoon or evening out in the last fortnight	22.2	37.1
Unable to afford two pairs of strong shoes	5.1	10.6
Unable to afford a roast once a week	7.6	15.8
Unable to afford a meal with meat, chicken or fish every second day	3.5	6.3
Unable to afford new (not second-hand) clothes	10.6	20.5
Unable to afford a warm waterproof coat	3.7	8.2
Unable to afford to keep the home adequately warm	8.8	15.8
Unable to replace any worn out furniture	25.5	38.1
Unable to afford to have family or friends for a drink or meal once a month	19.3	30.4
Unable to afford to buy presents for family or friends at least once a year	6.4	11.7

Source: CSO (2015)
Note: Poverty as measured using the 60 per cent median income poverty line.

It is of interest that from 2007 onwards, as the economic crisis unfolded, the proportion of the population which experienced no deprivation has fallen steadily from 75.6 per cent in 2007 to 56.3 per cent in 2014. Simultaneously, the proportion of the population experiencing deprivation of two or more items (the deprivation rate) has more than doubled – see Chart 3.1. There are now more than 1.3 million people (29 per cent of the population) experiencing deprivation at this level. Most notable have been increases in the numbers: going without heating at some stage in the year; unable to afford a morning, afternoon or evening out in the last fortnight; unable to buy presents for family and friends once a year; and unable to afford to replace any worn out furniture.

Deprivation and poverty combined: consistent poverty

'Consistent poverty' combines deprivation and poverty into a single indicator. It does this by calculating the proportion of the population simultaneously experiencing poverty and registering as deprived of two or more of the items in table 3.10. As such, it captures a sub-group of those who are poor.

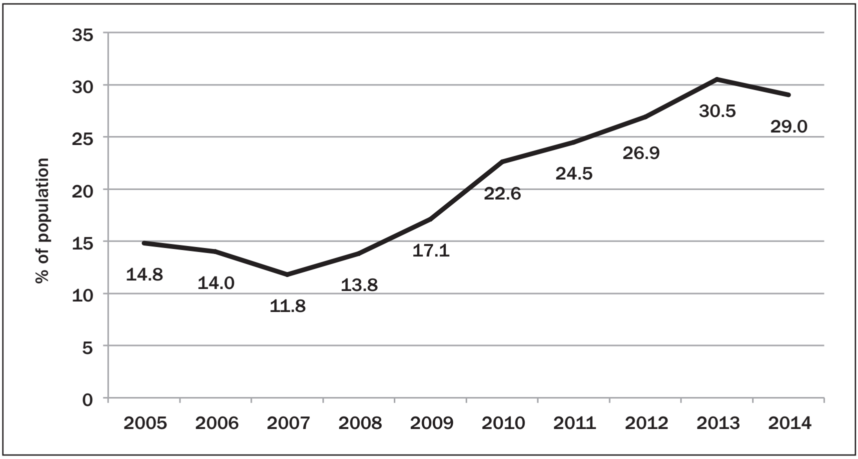
The 2007 *SILC* data marked an important change for this indicator. Coupled with the expanded list of deprivation items, the definition of consistent poverty was changed. From 2007 onwards, to be counted as experiencing consistent poverty individuals must be both below the poverty line and experiencing deprivation of at least two items. Up to 2007 the criteria was below the poverty line and deprivation of at least one item. The *National Action Plan for Social Inclusion 2007-2016* (*NAPinclusion*) published in early 2007 set its overall poverty goal using this earlier consistent poverty measure. One of its aims was to reduce the number of people experiencing consistent poverty to between 2 per cent and 4 per cent of the total population by 2012, with a further aim of totally eliminating consistent poverty by 2016. A revision to this target was published as part of the Government's *National Reform Programme 2012 Update for Ireland* (2012). The revised poverty target is to reduce the numbers experiencing consistent poverty to 4 per cent by 2016 and to 2 per cent or less by 2020. *Social Justice Ireland* participated in the consultation process on the revision of this and other poverty targets. While we agree with the revised 2020 consistent poverty target (it is not possible to measure below this 2 per cent level using survey data) we have proposed that this target should be accompanied by other targets focused on the overall population and vulnerable groups.[16] These are outlined at the end of this chapter.

Using these new indicators and definition, the 2014 *SILC* data indicates that 8 per cent of the population experience consistent poverty, an increase from 4.2 per cent in 2008 and 5.5 per cent in 2009 (CSO, 2015). In terms of the population, the 2013 figures indicate that just over 370,000 people live in consistent poverty. The reality of the recent recession and its austerity measures are pushing Ireland further away from these targets.

[16] See also Leahy et al (2012:61).

The Annex accompanying this chapter also examines the experience of people who are in food poverty, fuel poverty alongside an assessment of the research on minimum incomes standards in Ireland.

Chart 3.1: Deprivation Rate, 2005-2014



Source: CSO SILC Reports (various years).

Moving to Persistent Poverty

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

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

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

Social Justice Ireland believes that this data should be used as the primary basis for setting poverty targets and monitoring changes in poverty status. Existing measures of relative and consistent poverty should be maintained as secondary indicators. If there are impediments to the annual production of this indicator, they should be addressed and the SILC sample augmented if required. A measure of persistent poverty is long overdue and a crucial missing piece in society's knowledge of households and individuals on low income.

Poverty: a European perspective

It is helpful to compare Irish measures of poverty with those elsewhere in Europe. Eurostat, the European Statistics Agency, produces comparable 'at risk of poverty' figures (proportions of the population living below the poverty line) for each EU member state. The data is calculated using the 60 per cent of median income poverty line in each country. Comparable EU-wide definitions of income and equivalence scale are used.[17] The latest data available for all member states is for the year 2014.

As table 3.11 shows, Irish people experience a below average risk of poverty when compared to all other EU member states. Eurostat's 2008 figures marked the first time Ireland's poverty levels fell below average EU levels. This phenomenon was driven, as outlined earlier in this review, by sustained increases in welfare payments in the years prior to 2008. Ireland's poverty levels have remained below average EU levels since then to 2014. In 2014, across the EU, the highest poverty levels were found in the recent accession countries of Romania, Bulgaria and Estonia and in some of the countries caught up in the EU-wide economic crash – Spain, Greece and Latvia. The lowest levels were in Denmark, the Netherlands and the Czech Republic.

The average risk of poverty in the EU-28 for 2014 was 17.2 per cent. Overall, while there have been some reductions in poverty in recent years across the EU, the data does suggest that poverty remains a large and ongoing EU-wide problem. In 2014 the average EU-28 level implied that 86.2 million people are in poverty across the EU.

[17] Differences in definitions of income and equivalence scales result in slight differences in the poverty rates reported for Ireland when compared to those reported earlier which have been calculated by the CSO using national definitions of income and the Irish equivalence scale.

Table 3.11: The risk of poverty in the European Union in 2014

Country	Poverty Risk	Country	Poverty Risk
Romania	25.4	Belgium	15.5
Spain	22.2	IRELAND	15.3
Greece	22.1	Sweden	15.1
Bulgaria	21.8	Hungary	14.6
Estonia	21.8	Slovenia	14.5
Latvia	21.2	Cyprus	14.4
Portugal	19.5	Austria	14.1
Croatia	19.4	France	13.3
Italy	19.4	Finland	12.8
Lithuania	19.1	Slovakia	12.6
Poland	17.0	Denmark	12.1
UK	16.8	Netherlands	11.6
Germany	16.7	Czech Rep	9.7
Luxembourg	16.4		
Malta	15.9	**EU-28 average**	**17.2**

Source: Eurostat online database

Europe 2020 Strategy – Risk of Poverty or Social Exclusion

As part of the Europe 2020 Strategy, European governments have adopted policies to target these poverty levels and are using as their main benchmark the proportion of the population at risk of poverty or social exclusion. One of the five headline targets for this strategy aims to lift at least 20 million people out of the risk or poverty or exclusion by 2020 (using 2008 as the baseline year).

The indicator has been defined by the European Council on the basis of three indicators: the aforementioned 'at risk of poverty' rate after social transfers; an index of material deprivation;[18] and the percentage of people living in households with very low work intensity.[19] It is calculated as the sum of persons relative to the

[18] Material deprivation covers indicators relating to economic strain and durables. Severely materially deprived persons have living conditions severely constrained by a lack of resources. They experience at least 4 out of 9 listed deprivations items. (Eurostat 2012)

[19] People living in households with very low work intensity are those aged 0-59 living in households where the adults (aged 18-59) work less than 20% of their total work potential during the past year.

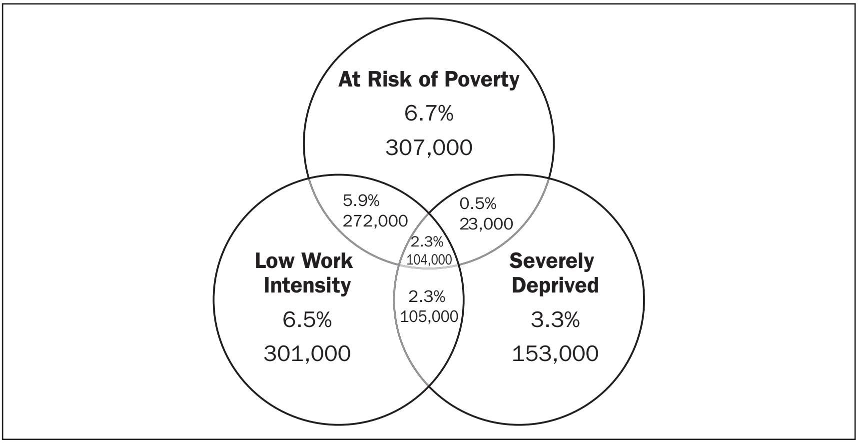
national population who are at risk of poverty or severely materially deprived or living in households with very low work intensity, where a person is only counted once even if recorded in more than one indicator.[20]

Table 3.12: People at risk of poverty or social exclusion, Ireland and the EU 2008-2014

	2008	2010	2012	2014
Ireland % Population	23.7	27.3	30.0	27.4
Ireland 000s people	1,050	1,220	1,378	1,265
EU % Population*	23.7	23.8	24.7	24.5
EU 000s people*	116,212	118,143	123,927	122,320

Source: Eurostat online database
Note: *EU data for 2008 is for the EU-27 and it is against this figure that the Europe 2020 target is set; all other EU data is for the EU-28 (including Croatia)

Chart 3.2: Population at risk of poverty or social exclusion, Ireland 2014



Source: Compiled from Eurostat online database

Table 3.12 summarises the latest data on this indicator for Europe and chart 3.2 summarises the latest Irish data (which is for 2014). While *Social Justice Ireland* regrets that the Europe 2020 process shifted its indicator focus away from an exclusive

[20] See European Commission (2011) for a more detailed explanation of this indicator.

concentration on the 'at risk of poverty' rate, we welcome the added attention at a European level to issues regarding poverty, deprivation and joblessness. Together with Caritas Europa, we have engaged in a process to monitor progress on this strategy (Mallon and Healy, 2012, Leahy et al, 2012, Social Justice Ireland, 2015). Since 20111 *Social Justice Ireland* has also published an annual report analysing how Ireland is performing vis a vis the Europe 2020 goals.

However, it is clear already that the recent austerity measures which have been pursued in many EU countries will result in the erosion of social services and lead to the further exclusion of people who already find themselves on the margins of society. This is in direct contradiction to the inclusive growth focus of the Europe 2020 Strategy. It is reflected in the figures in table 3.12 which show higher numbers and proportions of the population at risk of poverty and social inclusion in 2014 compared to 2008. On the basis of EU-27 figures, by 2014 there was a further 4.8m people at risk of poverty and social exclusion in Europe; making the 2020 target even more challenging to achieve.

3.2 Income Distribution

As previously outlined, despite some improvements poverty remains a significant problem. The purpose of economic development should be to improve the living standards of all of the population. A further loss of social cohesion will mean that large numbers of people continue to experience deprivation and the gap between that cohort and the better-off will widen. This has implications for all of society, not just those who are poor, a reality that has begun to receive welcome attention recently.

Analysis of the annual income and expenditure accounts yields information on trends in the distribution of national income. However, the limitations of this accounting system need to be acknowledged. Measures of income are far from perfect gauges of a society. They ignore many relevant non-market features, such as volunteerism, caring and environmental protection. Many environmental factors, such as the depletion of natural resources, are registered as income but not seen as a cost. Pollution is not registered as a cost but cleaning up after pollution is seen as income. Increased spending on prisons and security, which are a response to crime, are seen as increasing national income but not registered as reducing human well-being.

The point is that national accounts fail to include items that cannot easily be assigned a monetary value. But progress cannot be measured by economic growth alone. Many other factors are required, as we highlight elsewhere in this review.[21] However, when judging economic performance and making judgements about how

[21] We return to critique National Income statistics in chapter 11. There, we also propose some alternatives.

well Ireland is really doing, it is important to look at the distribution of national income as well as its absolute amount.[22]

Ireland's income distribution: latest data

The most recent data on Ireland's income distribution, from the 2014 SILC survey, is summarised in chart 3.3. It examines the income distribution by household deciles starting with the 10 per cent of households with the lowest income (the bottom decile) up to the 10 per cent of households with the highest income (the top decile).

The data presented is equivalised meaning that it has been adjusted to reflect the number of adults and children in a household and to make it possible to compare across different household sizes and compositions. It measures disposable income which captures the amount of money available to spend after receipt of any employment/pension income, payment of all income taxes and receipt of any welfare entitlements.

In 2014, the top 10 per cent of the population received almost one quarter of the total income while the bottom decile received 3 per cent. Collectively, the poorest 60 per cent of households received a very similar share (37.4 per cent) to the top 20 per cent (39.9 per cent). Overall the share of the top 10 per cent is more than 8 times the share of the bottom 10 per cent.

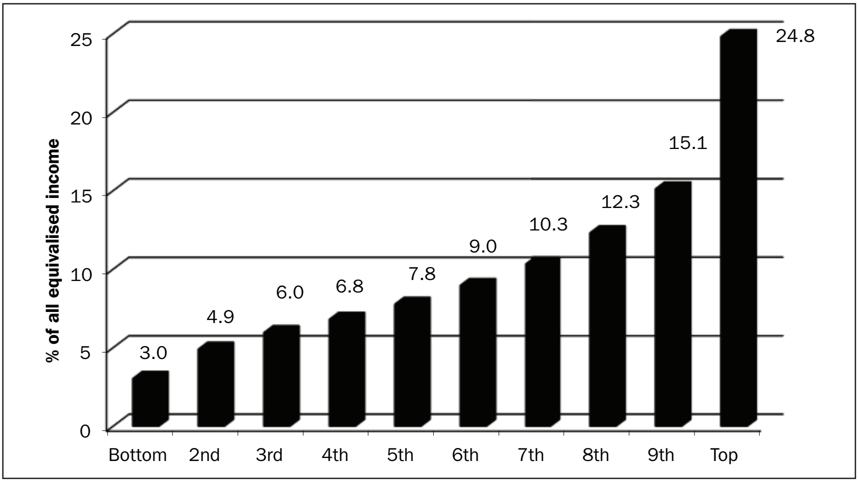
During the past year, an NERI study by Collins provided a detailed insight into the nature of the underlying market or direct income distribution—that linked to earnings of all types. His research showed that the distribution of market income is concentrated on incomes of less than €50,000 per annum – representing 80 per cent of all earners. Some 15 per cent of all those with a market income, about 290,000 people, receive less than €5,000 (the average direct income for this group is €2,000 and most receive less than €1,000).

A further 50 per cent of those with a market income receive between €5,000 and €35,000. The top 10 per cent of earners have an income of more than €65,000 while the top 5 per cent have an income of more than €85,000; this group approximates to the top 100,000 earners in the state.

A conclusion of the study is that "the shape of that [earnings] distribution, and the prevalence of low income earners within it, points towards a need for greater consideration to be given to the underlying nature and distribution of market earnings" (Collins, 2015: 4).

[22] We examine the issue of the world's income and wealth distribution in chapter 13.

Chart 3.3: Ireland's Income Distribution by 10% (decile) group, 2014



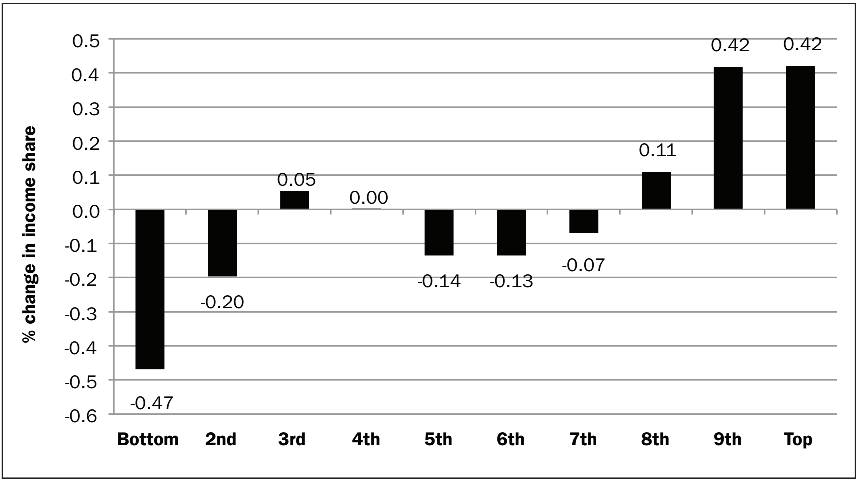
Source: CSO SILC (2015)

Income distribution data for the last few decades suggested that the overall structure of that distribution has been largely unchanged. One overall inequality measure, the Gini coefficient, ranges from 0 (no inequality) to 100 (maximum inequality) and has stood at approximately 30-32 for Ireland for some time. In 2014 it stood at 31.8.

Chart 3.4 compares the change in income between 2008 and 2014. 2008 represented the year when average incomes in Ireland peaked. Since then incomes have fallen for all, but the impact of the recession has been felt in different ways by different people/households.

Over that period, the changes to the income shares received by deciles has been small; between + and -0.5 per cent, with the most notable changes at either end of the income distribution. The decline in the share of the bottom two deciles highlights the reality that if we wish to address and close these income divides, future Government policy must prioritise those at the bottom of the income distribution. Otherwise, these divides will persist for further generations and perhaps widen. A further examination of income distribution over the period 1987-2013 is provided in the annex.

Chart 3.4: Change in Decile Shares of Equivalised Disposable Income, 2008-2014



Source: Calculated from CSO SILC Reports (various years).

Income distribution: a European perspective

Another of the indicators adopted by the EU at Laeken assesses the income distribution of member states by comparing the ratio of equivalised disposable income received by the bottom quintile (20 per cent) to that of the top quintile. This indicator reveals how far away from each other the shares of these two groups are – the higher the ratio, the greater the income difference. Table 3.13 presents the most up-to-date results of this indicator for the 28 EU states. The data indicate that the Irish figure increased to 4.7 from a ratio of 4.2 in 2009, reflecting the already noted increase in income inequality since then. Ireland now has a ratio just below the EU average and, given recent economic and budgetary policy, this looks likely to persist and may even worsen. Overall, the greatest differences in the shares of those at the top and bottom of income distribution are found in many of the newer and poorer member states. However, some EU-15 members, including the Spain, Greece, Portugal and Italy also record large differences.

Table 3.13: Ratio of Disposable Income received by bottom quintile to that of the top quintile in the EU-28, 2014

Country	Ratio	Country	Ratio
Romania	7.2	Luxembourg	4.4
Bulgaria	6.8	France	4.3
Spain	6.8	Hungary	4.2
Estonia	6.5	Denmark	4.1
Greece	6.5	Austria	4.1
Latvia	6.5	Malta	4.0
Portugal	6.2	Slovakia	3.9
Lithuania	6.1	Sweden	3.9
Italy	5.8	Belgium	3.8
Cyprus	5.4	Netherlands	3.8
Germany	5.1	Slovenia	3.7
Croatia	5.1	Finland	3.6
United Kingdom	5.1	Czech Republic	3.5
Poland	4.9		
IRELAND	**4.7**	**EU-28 average**	**5.2**

Source: Eurostat online database

A further measure of income inequality is the Gini coefficient, which ranges from 0 to 100 and summarises the degree of inequality across the entire income distribution (rather than just at the top and bottom).[23] The higher the Gini coefficient score the greater the degree of income inequality in a society. As table 3.14 shows, over time income inequality has been reasonably static in the EU as a whole, although within the EU there are notable differences. Countries such as Ireland cluster around or just above the average EU score and differ from other high-income EU member states which record lower levels of inequality. As the table shows, the degree of inequality is at a notably lower scale in countries like Finland, Sweden and the Netherlands. For Ireland, the key point is that despite the aforementioned role of the social transfer system, the underlying degree of direct income inequality (see earlier) dictates that our income distribution remains much more unequal than in many of the EU countries we wish to emulate in term of economic and social development.

[23] See Collins and Kavanagh (2006: 159-160) who provide a more detailed explanation of this measure.

Table 3.14: Gini coefficient measure of income inequality for selected EU states, 2005-2014

	2005	2006	2008	2010	2012	2014
EU-27/28	**30.6**	**30.3**	**31.0**	**30.5**	**30.4**	**30.9**
IRELAND	**31.9**	**31.9**	**29.9**	**30.7**	**29.9**	**30.7**
UK	34.6	32.5	33.9	32.9	31.3	31.6
France	27.7	27.3	29.8	29.8	30.5	29.2
Germany	26.1	26.8	30.2	29.3	28.3	30.7
Sweden	23.4	24.0	24.0	24.1	24.8	25.4
Finland	26.0	25.9	26.3	25.4	25.9	25.6
Netherlands	26.9	26.4	27.6	25.5	25.4	26.2

Source: Eurostat online database
Notes: The Gini coefficient ranges from 0-100 with a higher score indicating a higher level of inequality. EU data for 2005-2009 is for the EU-27, 2010 onwards data are for the EU-28 (including Croatia).

Income Distribution and Recent Budgets

Budget 2016, delivered in October 2015, was the fifth regressive Budget in a row. Although that Budget attempted to give something to every household in the country, its measures disproportionately favoured those on higher incomes.

The regressive nature of Budget 2016 follows that of Budget 2015 (e.g. income tax cuts which favoured the well off and flat rate water charges), Budget 2014 (e.g. doubling of property tax, cuts to household benefits package, cuts to youth welfare payments and increases in prescription charges for medical card holders), Budget 2013 (e.g. abolition of PRSI allowance, cuts to child benefit and increases in prescription charges for medical card holders) and Budget 2012 (e.g. increase in standard VAT rate from 21per cent to 23 per cent, cuts to 3rd and 4th child benefit payments, cuts to fuel allowance). Budgets 2012, 2013 and 2014 also orientated their adjustments towards cuts in public services, further increasing their regressive impact.

In this section, we first review the distributive impact of Budget 2016 before presenting the results of our analysis of the cumulative impact of changes to income taxation and welfare since 2011.

Impact of Budget 2016
When assessing the change in people's incomes following any Budget, it is important that tax changes be included as well as changes to basic social welfare payments. In our calculations we have not included any changes to other welfare allowances and

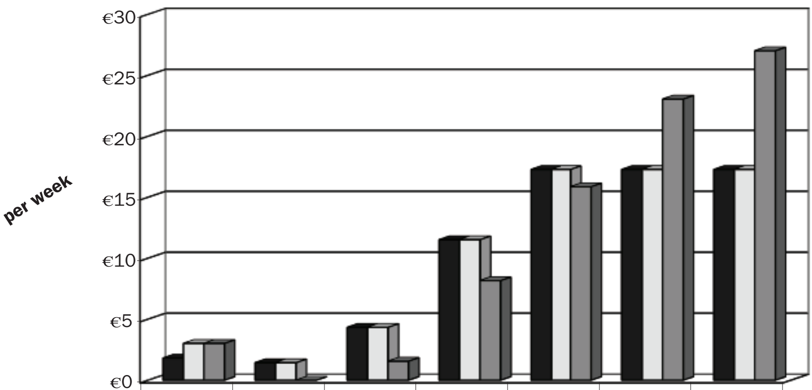
secondary benefits as these payments do not flow to all households. Similarly, we have not included changes to other taxes (including indirect taxes and property taxes) as these are also experienced differently by households. Chart 3.5 sets out the implications of the Budget announcements on various household groupings in 2016.

Single people who are unemployed will benefit from the Christmas bonus increase which equates to €1.82 a week (€95 a year). Those on €25,000 a year will see an increase of €4.34 a week (€226 a year) in their take-home pay while those on €50,000 will be €11.53 a week (€601 a year) better off this year and those on €75,000 a year will be €17.29 a week (€902 a year) better-off.

Couples with one income on €25,000 a year will be €4.34 a week (€226 a year) better-off while those on €50,000 will be €11.53 a week (€601 a year) better off. Couples with two incomes on €25,000 a year will be €1.56 a week (€81 a year) better off while those on €50,000 will be €8.17 a week (€426 a year) better-off in 2016 compared to 2015.

The impact of Budget 2016 on the distribution of income in Ireland can be further assessed by examining the rich-poor gap. This measures the gap between the disposable income of a single unemployed person and a single person on €50,000 per annum. Budget 2016 widened the rich-poor gap by €9.71 per week (€506 a year).

Chart 3.5: Impact of Tax and Headline Welfare Payment Changes from Budget 2016



	Unemp	€15,000	€25,000	€50,000	€75,000	€100,000	€125,000
Single	1.82	1.44	4.34	11.53	17.29	17.29	17.29
Couple 1 Earner*	3.02	1.44	4.34	11.53	17.29	17.29	17.29
Couple 2 Earners*	3.02	0.00	1.56	8.17	15.87	23.06	27.02

Source: Social Justice Ireland (2015:8)

Notes: * Except in case of the unemployed where there is no earner
Couple with 2 earners are assumed to have a 65%/35% income division.

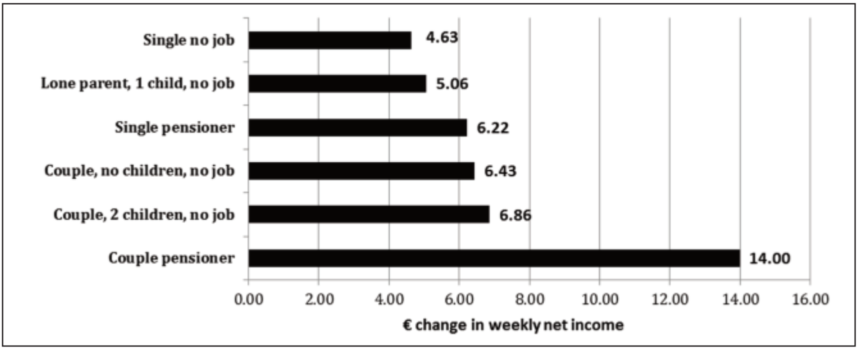
Impact of Tax and Benefit Changes, 2011-2016

Over the past few years *Social Justice Ireland* has developed its ability to track the distributive impact of annual Budget's on households across Irish society. Our analysis tracks changes from year to year (pre and post a Budget) and across a number of recent years (the lifetime of a Government etc).[24]

Following Budget 2016, we assessed the cumulative impact of changes to income taxation and welfare over the five Budgets since 2011 (Budget 2012). At the outset it is important to stress that our analysis does not take account of other budgetary changes, most particularly to indirect taxes (VAT), other charges (such as prescription and water charges) and property taxes. Similarly, it does not capture the impact of changes to the provision of public services – changes which, as we have pointed out elsewhere, have been severe given the scale of the expenditure reductions introduced. As the impact of these measures differs between households it is impossible to quantify precise household impacts and include them here. However, as we have demonstrated in previous publications, these changes have been predominantly regressive – impacting hardest on households with the lowest incomes.

The households we examine are spread across all areas of society and capture those with a job, families with children, those unemployed and pensioner households. Within those households that have income from a job, we include workers on the minimum wage, on the living wage, workers on average earnings and multiples of this benchmark, and families with incomes ranging from €25,000 to €200,000. In the case of working households, the analysis is focused on PAYE earners only and therefore does not capture the changes in Budget 2016 targeted at the self-employed.

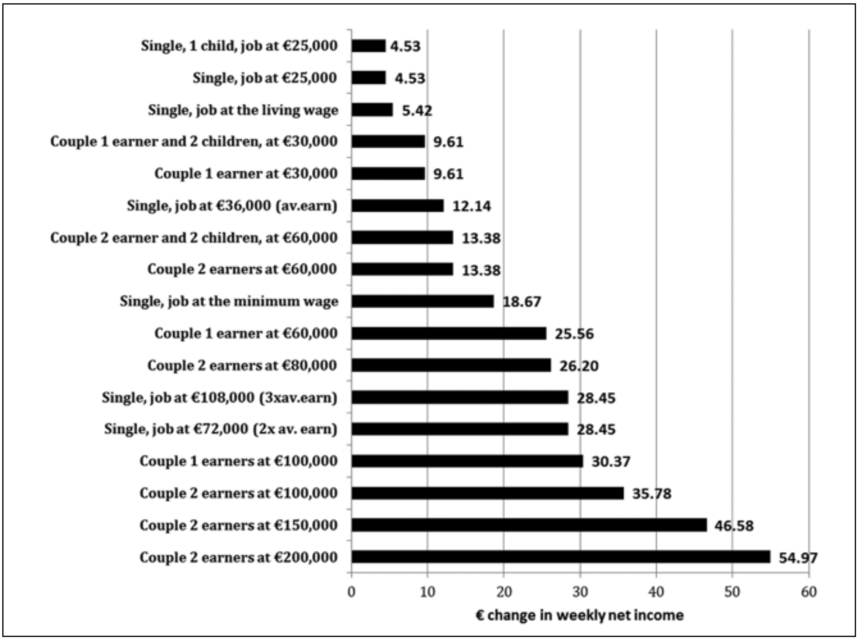
Chart 3.6: Cumulative Impact on Welfare Dependent Households, 2011-2016



[24] A document on our website entitled *'Tracking the Distributive Effects of Budget 2016'* provides a more detailed overview of the approach taken by *Social Justice Ireland* to generate these results.

Over the years examined (2011-2016) all household types recorded increases in their disposable income (after taxes and welfare payments). However, the gains have been skewed towards those with the highest incomes.

Chart 3.7: Cumulative Impact on Households with Jobs, 2011-2016



Among households with jobs (see chart 3.7), the gains experienced over the past five years range from €4.53 per week (for single parent households on €25,000 and single earners on €25,000) to twelve times as much, €54.97 per week, for couples with 2 earners and an income of €200,000. Overall, across these households the main gains have flowed to those on the highest incomes.

Among households dependent on welfare, the gains have ranged from €4.63 per week (to single unemployed individuals) to €14 per week to pensioner couples - see chart 3.6.

Our analysis points towards the choices and priorities the Government has made. Budget by Budget these choices, whether cuts or increases, have favoured the better-off in our society. The policy challenge for a new Government is to reverse this trend.

Ireland's Wealth Distribution

While data on income and poverty levels has improved dramatically over the past 15 years, a persistent gap has been our knowledge of levels of wealth in Irish society. Data on wealth is important, as it provides a further insight into the distribution of resources and an insight into some of the underlying structural components of inequality.

A welcome development in early 2015 was the publication by the CSO of the first Household Finance and Consumption Survey (HFCS). The HFCS is part of a European initiative to improve countries knowledge of the socio-economic and financial situations of households across the EU. For the first time, its results offer robust information on the types and levels of wealth that households in Ireland possess. The data was collected for 2013 across 5,545 households.[25]

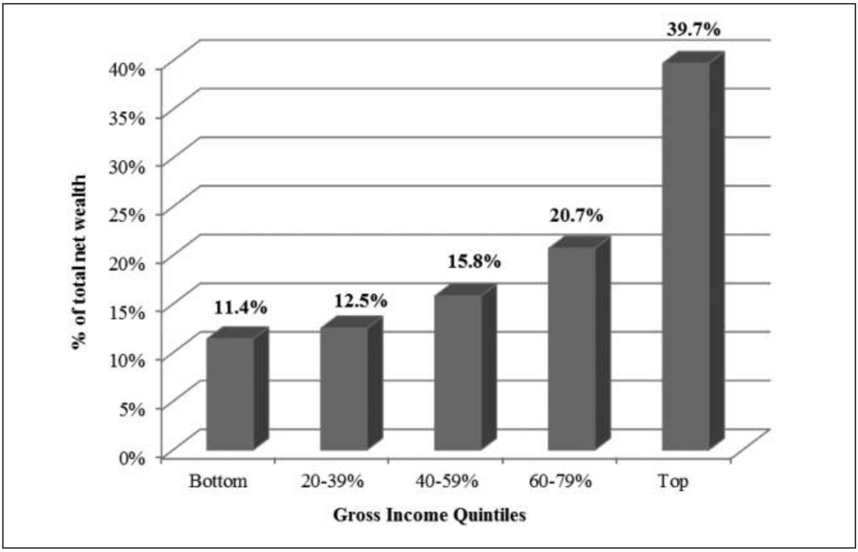
The result of the survey showed that the level of household net wealth in Ireland amounts to €378 billion. The CSO's net wealth measure includes the value of all assets (housing, land, investments, valuables, savings and private pensions) and removes any borrowings (mortgages, loans, credit card debt etc) to give the most informative picture of households wealth. On average the results imply that Irish households have a net wealth of approximately €220,000 each. However, as table 3.15 shows, averages are very misleading for wealth data, as they are skewed upwards by high wealth households. Looking closer at the data, the CSO illustrates that the bottom 50 per cent of households have a net wealth of less than €105,000.

Chart 3.8 presents the distribution of net wealth across the income distribution – the CSO has only presented data for quintiles (20 per cent groups). The HFCS results show that those in the top 20 per cent of the income distribution possess 39.7 per cent of all the wealth – this is the same share as those in the bottom 60 per cent of the income distribution. Across the various household types that the CSO examined, those with the lowest wealth were single parents, the unemployed and those under 35 years.

A study by TASC, released during December 2015, has provided a further insight into this data, in particular giving details on the distribution of wealth across households given their wealth status. Chart 3.9 presents these results. It shows the dramatic concentration of wealth at the top of the distribution. Overall, the bottom 30 per cent of the distribution have either no wealth or are in negative wealth (more debts than assets). At the top, the top 10 per cent hold 54 per cent of all the wealth in Ireland. Within the top decile the TASC study found further divides with the top 5 per cent possessing 38 per cent of the wealth and within this, the top one per cent holding almost 15 per cent.

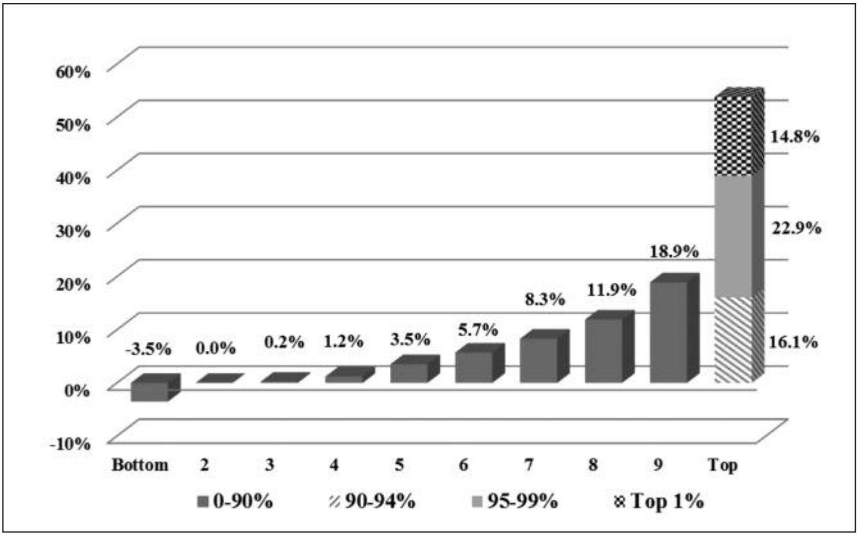
[25] The data is reviewed by Collins here: www.nerinstitute.net/blog/2015/02/18/wealth-in-ireland-at-last-some-robust-data/

Chart 3.8: Distribution of Net Wealth by Gross Income Quintile, 2013



Source: CSO HFCS (2014: 40).

Chart 3.9: Distribution of Net Wealth by Net Wealth Decile, 2013



Source: Staunton (2015: 9)

The TASC report also provided details on the levels of wealth by household type and its distribution across the age groups. Table 3.15 summarises these findings. Across society as a whole, wealth increases with age. However, reflecting the data in Chart 3.9, there are large differences between and within household types.

Table 3.15: Net Wealth in Ireland by household type and age group, 2013

Household Type €			Age Group %	
	Mean	Median	Under 35 yrs	4%
Single adult	€153,400	€80,500	35-44 yrs	13%
Couple	€255,200	144,800	45-54 yrs	25%
Couples with children	€144,000	€33,100	55-64yrs	26%
Single Parent	€30,600	€1,400	65+	33%
All	**€218,700**	**€102,600**	**Total**	**100%**

Source: Staunton (2015: 19, 26)

The composition and distribution of wealth points towards policy issues to be considered, concerning inheritance taxes (capital acquisitions tax), gift taxes and capital gains taxes – some of which are addressed in the next chapter. The arrival of this new data also allows, for the first time, an opportunity for informed consideration of policy options around wealth, as well as income inequality. As further details emerge, *Social Justice Ireland* looks forward to contributing to that debate.

3.3 The Living Wage

During the past two years *Social Justice Ireland* and a number of other organisations came together to form a technical group which researched and developed a Living Wage for Ireland.[26] In July 2014 the group launched a new website (www.livingwage.ie) and a technical paper outlining how the concept is calculated. The latest update to the figure was published in July 2015, reported a Living Wage rate of €11.50 per hour.

What is a Living Wage?

The establishment of a Living Wage Rate for Ireland adds to a growing international set of similar figures which reflect a belief across societies that individuals working full-time should be able to earn enough income to enjoy a decent standard of living.

[26] The members of the group were Social Justice Ireland, the Vincentian Partnership for Social Justice, the Nevin Economic Research Institute, TASC, Unite the Union and SIPTU.

The Living Wage is a wage which makes possible a minimum acceptable standard of living. Its calculation is evidence based and built on budget standards research which is grounded in social consensus. The figure is:

- based on the concept that work should provide an adequate income to enable individuals to afford a socially acceptable standard of living;
- the average gross salary which will enable full time employed adults (without dependents) across Ireland to afford a socially acceptable standard of living;
- a living wage which provides for needs not wants;
- an evidence based rate of pay which is grounded in social consensus and is derived from Consensual Budget Standards research which establishes the cost of a Minimum Essential Standard of Living in Ireland;
- unlike the National Minimum Wage which is not based on the cost of living.

In principle, a living wage is intended to establish an hourly wage rate that should provide employees with sufficient income to achieve an agreed acceptable minimum standard of living. In that sense it is an income floor; representing a figure which allows employees to afford the essentials of life. Earnings below the living wage suggest employees are forced to do without certain essentials so they can make ends meet.

How is the Living Wage Calculated?

The Living Wage for Ireland is calculated on the basis of the Minimum Essential Standard of Living research in Ireland, conducted by the Vincentian Partnership for Social Justice (VPSJ). This research establishes a consensus on what members of the public believe is a minimum standard that no individual or household should live below.

The Living Wage Technical Group decided to focus the calculation of a Living Wage for the Republic of Ireland on a single-adult household. In its examination of the methodological options for calculating a robust annual measure, the group concluded that a focus on a single-adult household was the most practical approach. However, in recognition of the fact that households with children experience additional costs which are relevant to any consideration of such households standards of living, the group has also published estimates of a Family Living Income each year.[27]

[27] See Living Wage Technical Group (2015:4).

The calculations established a Living Wage for the country as a whole, with costs examined in four regions: Dublin, other Cities, Towns with a population above 5,000, and the rest of Ireland. The expenditure required varied across these regions and reflecting this so too did the annual gross income required to meet this expenditure. To produce a single national rate, the results of the gross income calculation for the four regions were averaged; with each regional rate being weighted in proportion to the population in the labour force in that region. The weighted annual gross income is then divided by the number of weeks in the year (52.14) and the number of working hours in the week (39) to give an hourly wage. Where necessary, this figure is rounded up or down to the nearest five cent.[28] The Technical Group plans to update this number on an annual basis.

The Merits of a Living Wage

Social Justice Ireland believes that concepts such as the Living Wage have an important role to play in addressing the persistent income inequality and poverty levels outlined earlier in this chapter. As shown in tables 3.4 to 3.6, there are many adults living in poverty despite having a job – the working poor. Improvements in the low pay rates received by many employees offers an important method by which levels of poverty and exclusion can be reduced. Paying low paid employees a Living Wage offers the prospect of significantly benefiting the living standards of these employees and we hope to see this new benchmark adopted across many sectors of society in the years to come.

3.4 Maintaining an Adequate Level of Social Welfare

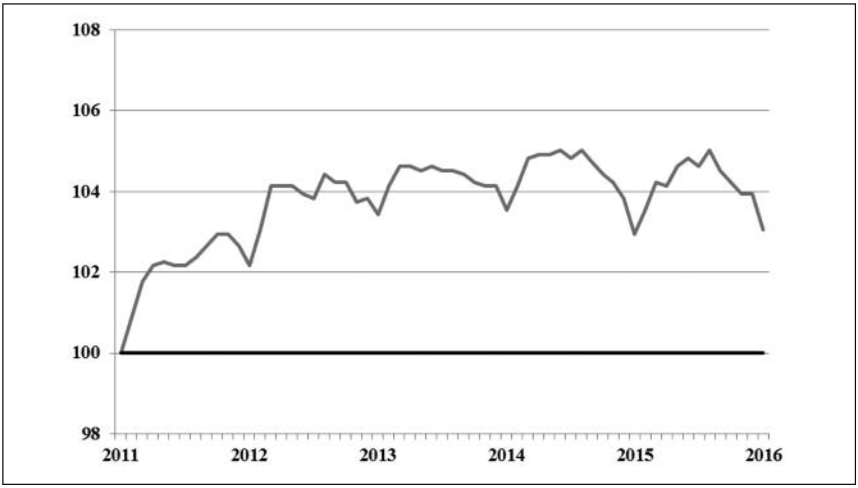
Since 2011 the minimum social welfare payment has remained at €188. However, as chart 3.10 illustrates, since then consumer prices have not stood still and inflation increases have eroded the value of the basic jobseekers payment. Between January 2011 and January 2016 inflation was 3.04 per cent - implying that a buying power of €188 in 2011 was equivalent to €193.70 by January 2016. This suggests that a jobseekers payment at this level is required in 2016 to protect the basic living standards of welfare recipients.

Social Justice Ireland believes that Budget 2017 should address this unacceptable decrease in the living standards of those on the lowest incomes in society. An increase of €5.70 per week to the basic payment would address the consumer price changes but would do nothing to address the range of cuts in services imposed in

[28] A more detailed account of the methodology used to calculate the Living Wage has been published by the Living Wage Technical Group and is available at www.livingwage.ie

recent Budgets. Addressing these interlinked issues should be a priority for Government in the year ahead.[29]

Chart 3.10 CPI Price Changes, January 2011 – January 2016



Source: CSO CPI online database
Note: CPI base for January 2011 = 100

Individualising social welfare payments

The issue of individualising payments so that all recipients receive their own social welfare payments has been on the policy agenda in Ireland and across the EU for several years. *Social Justice Ireland* welcomed the report of the Working Group, *Examining the Treatment of Married, Cohabiting and One-Parent Families under the Tax and Social Welfare Codes*, which addressed some of these individualisation issues.

At present the welfare system provides a basic payment for a claimant, whether that be, for example, for a pension, a disability payment or a job-seeker's payment. It then adds an additional payment of about two-thirds of the basic payment for the second person. For example, following Budget 2016, a couple on the lowest social welfare rate receives a payment of €312.80 per week. This amount is approximately 1.66 times the payment for a single person (€188). Were these two people living separately they would receive €188 each; giving a total of €376. Thus by living as a

[29] We will develop this policy position further in our pre-Budget submission in mid-2016.

household unit such a couple receive a lower income than they would were they to live apart.

Social Justice Ireland believes that this system is unfair and inequitable. We also believe that the system as currently structured is not compatible with the Equal Status Acts. People, more often than not, women, are disadvantaged by living as part of a household unit because they receive a lower income. We believe that where a couple is in receipt of welfare payments, the payment to the second person should be increased to equal that of the first. Such a change would remove the current inequity and bring the current social welfare system in line with the terms of the Equal Status Acts (2000-2004). An effective way of doing this would be to introduce a basic income system which is far more appropriate for the world of the 21st century.

3.5 Basic Income

Over the past 15 years major progress has been achieved in building the case for the introduction of a basic income in Ireland. This includes the publication of a *Green Paper on Basic Income* by the Government in September 2002 and the publication of a book by Clark entitled *The Basic Income Guarantee* (2002). A major international conference on basic income was held in Dublin during Summer 2008 at which more than 70 papers from 30 countries were presented. These are available on *Social Justice Ireland*'s website. More recently, Healy et al (2012) have provided an initial set of costing for a basic income and new European and Irish Basic Income networks have emerged.[30]

The case for a basic income

Social Justice Ireland has consistently argued that the present tax and social welfare systems should be integrated and reformed to make them more appropriate to the changing world of the 21st century. To this end we have sought the introduction of a basic income system. This proposal is especially relevant at the present moment of economic upheaval.

A basic income is an income that is unconditionally granted to every person on an individual basis, without any means test or work requirement. In a basic income system every person receives a weekly tax-free payment from the Exchequer while all other personal income is taxed, usually at a single rate. The basic-income payment would replace income from social welfare for a person who is unemployed and replace tax credits for a person who is employed.

[30] These networks are the European Citizens' Initiative for Unconditional Basic Income and Basic Income Ireland.

Basic income is a form of minimum income guarantee that avoids many of the negative side-effects inherent in social welfare payments. A basic income differs from other forms of income support in that:

- It is paid to individuals rather than households;
- It is paid irrespective of any income from other sources;
- It is paid without conditions; it does not require the performance of any work or the willingness to accept a job if offered one; and
- It is always tax free.

There is real danger that the plight of large numbers of people excluded from the benefits of the modern economy will be ignored. Images of rising tides lifting all boats are often offered as government's policy makers and commentators assure society that prosperity for all is just around the corner. Likewise, the claim is often made that a job is the best poverty fighter and consequently priority must be given to securing a paid job for everyone. These images and claims are no substitute for concrete policies to ensure that all members of society are included. Twenty-first century society needs a radical approach to ensure the inclusion of all people in the benefits of present economic growth and development. Basic income is such an approach.

As we are proposing it, a basic income system would replace social welfare and income tax credits. It would guarantee an income above the poverty line for everyone. It would not be means tested. There would be no 'signing on' and no restrictions or conditions. In practice, a basic income recognises the right of every person to a share of the resources of society.

The Basic Income system ensures that looking for a paid job and earning an income, or increasing one's income while in employment, is always worth pursuing, because for every euro earned the person will retain a large part. It thus removes poverty traps and unemployment traps in the present system. Furthermore, women and men would receive equal payments in a basic income system. Consequently, the basic income system promotes gender equality because it treats every person equally.

It is a system that is altogether more secure, rewarding, simple and transparent than the present tax and welfare systems. It is far more employment friendly than the present system. It also respects other forms of work besides paid employment. This is crucial in a world where these benefits need to be recognised and respected. It is also very important in a world where paid employment cannot be permanently guaranteed for everyone seeking it. There is growing pressure and need in Irish society to ensure recognition and monetary reward for unpaid work. Basic income is a transparent, efficient and affordable mechanism for ensuring such recognition and reward.

Basic income also lifts people out of poverty and the dependency mode of survival. In doing this, it restores self-esteem and broadens horizons. Poor people, however, are not the only ones who should welcome a basic income system. Employers, for example, should welcome it because its introduction would mean they would not be in competition with the social welfare system. Since employees would not lose their basic income when taking a job, there would always be an incentive to take up employment.

Costing a basic income

During 2012 Healy et al presented an estimate for the cost of a basic income for Ireland. Using administrative data from the Census, social protection system and taxation system, the paper estimated a cost where payments were aligned to the existing social welfare payments (children = €32.30 per week; adults of working age = €188.00 per week; older people aged 66-80 = €230.30 per week; and older people aged 80+ = €240.30 per week). The paper estimated a total cost of €39.2 billion per annum for a basic income and outlined a requirement to collect a total of €41 billion in revenue to fund this. It is proposed that the revenue should be raised via a flat 45 per cent personal income tax and the continuance of the existing employers PRSI system (renamed a 'social solidarity fund'). It is important to remember that nobody would have an effective tax rate of 45 per cent in this system as they would always receive their full basic income and it would always be tax-free. Healy et al also outlined further directions for research in this area in the future and are likely to contribute future inputs into the evolving Irish and European basic income networks.

Ten reasons to introduce basic income

- It is work and employment friendly.
- It eliminates poverty traps and unemployment traps.
- It promotes equity and ensures that everyone receives at least the poverty threshold level of income.
- It spreads the burden of taxation more equitably.
- It treats men and women equally.
- It is simple and transparent.
- It is efficient in labour-market terms.
- It rewards types of work in the social economy that the market economy often ignores, e.g. home duties, caring, etc.
- It facilitates further education and training in the labour force.
- It faces up to the changes in the global economy.

Key policy priorities on income distribution

- If poverty rates are to fall in the years ahead, *Social Justice Ireland* believes that the following are required:
  - increase in social welfare payments.
  - equity of social welfare rates.
  - adequate payments for children.
  - refundable tax credits.
  - a universal state pension.
  - a cost of disability payment.

Social Justice Ireland believes that in the period ahead Government and policy-makers generally should:

- Acknowledge that Ireland has an on-going poverty problem.
- Adopt targets aimed at reducing poverty among particular vulnerable groups such as children, lone parents, jobless households and those in social rented housing.
- Examine and support viable, alternative policy options aimed at giving priority to protecting vulnerable sectors of society.
- Carry out in-depth social impact assessments prior to implementing proposed policy initiatives that impact on the income and public services that many low income households depend on. This should include the poverty-proofing of all public policy initiatives.
- Provide substantial new measures to address long-term unemployment. This should include programmes aimed at re-training and re-skilling those at highest risk.
- Recognise the problem of the 'working poor'. Make tax credits refundable to address the situation of households in poverty which are headed by a person with a job.
- Support the widespread adoption of the Living Wage so that low paid workers receive an adequate income and can afford a minimum, but decent, standard of living.
- Introduce a cost of disability allowance to address poverty and social exclusion of people with a disability.

- Recognise the reality of poverty among migrants and adopt policies to assist this group. In addressing this issue also replace direct provision with a fairer system that ensures adequate allowances are paid to asylum seekers.
- Accept that persistent poverty should be used as the primary indicator of poverty measurement and assist the CSO in allocating sufficient resources to collect this data.
- Move towards introducing a basic income system. No other approach has the capacity to ensure all members of society have sufficient income to live life with dignity.

4.

TAXATION

CORE POLICY OBJECTIVE: TAXATION

To collect sufficient taxes to ensure full participation in society for all, through a fair tax system in which those who have more, pay more, while those who have less, pay less.

The fiscal adjustments of recent years highlight the centrality of taxation in budget deliberations and to policy development at both macro and micro level. Taxation plays a key role in shaping Irish society through funding public services, supporting economic activity and redistributing resources to enhance the fairness of society. Consequently, it is crucial that clarity exist with regard to both the objectives and instruments aimed at achieving these goals. To ensure the creation of a fairer and more equitable tax system, policy development in this area should adhere to our core policy objective outlined above. In that regard, *Social Justice Ireland* is committed to increasing the level of detailed analysis and debate addressing this area.[31]

Social Justice Ireland believes that Government's key policy priorities in this area should be to:

- increase the overall tax take
- adopt policies to broaden the tax base
- develop a fairer taxation system[32]

[31] We present our analysis in this chapter and in the accompanying annex 4 which is available on the *Social Justice Ireland* website: http://www.socialjustice.ie/content/publications/type/socioeconomic-review-annex

[32] Much greater detail on each of these and related areas is provided later in this chapter.

This chapter first considers Ireland's present taxation position and outlines the anticipated future taxation needs of the country. Given this, we outline approaches to reforming and broadening the tax base and proposals for building a fairer tax system. The issues addressed in this chapter include a number of the elements of *Social Justice Ireland's* Core 'Policy Framework for a Just Society' (see Chapter 2) including: 'Vibrant Economy, 'Just Taxation' and 'Decent Services and Infrastructure'.

Ireland's total tax-take: current and future needs

The need for a wider tax base is a lesson painfully learnt by Ireland during the recent economic crisis. A disastrous combination of a naïve housing policy, a failed regulatory system and foolish fiscal policy and economic planning caused a collapse in exchequer revenues. It is only through a strategic and determined effort to reform Ireland's taxation system that these mistakes can be addressed and avoided in the future. The narrowness of the Irish tax base resulted in almost 25 per cent of tax revenues disappearing, plunging the exchequer and the country into a series of fiscal policy crises. As shown in table 4.1, tax revenues collapsed from over €60 billion in 2007 to a low of €44.8 billion in 2010; it has since increased to almost €55 billion in 2014.

While a proportion of this decline in overall taxation revenue is related to the recession, a large part is structural and requires further policy reform. As detailed in chapter 2, *Social Justice Ireland* believes that, over the next few years, policy should focus on increasing Ireland's tax-take to 34.9 per cent of GDP, a figure defined by Eurostat as 'low-tax' (Eurostat, 2008:5). Such increases are certainly feasible and are unlikely to have any significant negative impact on the economy in the long term. As a policy objective, Ireland should remain a low-tax economy, but not one incapable of adequately supporting the economic, social and infrastructural requirements necessary to support our society and complete our convergence with the rest of Europe.

The documentation accompanying Budget 2016 set out projections for the overall scale of the national tax-take (as a proportion of GDP) out to 2018. These figures are reproduced in table 4.2 and have been used to calculate the cash value of the overall levels of tax revenue expected to be collected. While the estimates in the table are based on the tax-take figures from Budget 2016 and its projections of national income, the document provides limited detail on the nature and composition of these figures.

Table 4.1: The changing nature of Ireland's tax revenue (€m)

	2007	2008	2010	2012	2014
Taxes on income and wealth					
Income taxes (incl. USC and levies)	16290	16088	14637	16760	18253
Corporation tax	6393	5071	3944	3964	4615
Motor tax - household*	718	795	768	791	869
Local Property Tax	0	0	0	0	447
Other taxes	0	0	192	180	229
Social Insurance	7745	7932	6702	6799	7947
Total taxes on income and wealth	**31146**	**29886**	**26243**	**28494**	**32360**
Taxes on capital					
Capital gains tax	3097	1424	345	413	561
Capital acquisitions tax	405	349	235	282	356
Pension Fund Levy	0	0	0	483	743
Total taxes on capital	**3502**	**1773**	**580**	**1178**	**1660**
Taxes on expenditure					
Excise duties including VRT	6139	5402	4880	4791	5185
Value added tax	14355	13084	10067	10219	11496
Rates	1233	1276	1322	1478	1375
Motor tax - businesses **	239	265	256	264	290
Stamps (excluding fee stamps)	3219	1768	996	966	779
Other fees and levies	259	325	240	328	1198
Total taxes on expenditure	**25444**	**22120**	**17761**	**18046**	**20323**
EU Taxes	**273**	**247**	**229**	**242**	**275**
Total Taxation* **	**60365**	**54026**	**44813**	**47960**	**54618**
Total Taxation as % GDP#	**30.6%**	**28.8%**	**27.0%**	**27.4%**	**28.9%**

Source: CSO on-line database tables N1422:T22 and N1402: T02.
Notes: *Motor tax is an estimate of the portion paid by households.
**Motor tax is an estimate of the portion paid by business.
*** Total taxation is the sum of the rows in bold.
# Total taxation expressed as a % of published CSO GDP at current prices.

It should also be borne in mind that over recent years the Department's projections for the overall taxation burden have continually overstated the actual figures subsequently reported by the CSO.[33] However, taking the Department's projections as the likely outcome, Chart 4.1 highlights just how far below average EU levels (assuming these remain at the 2014 level of 37.1 per cent of GDP) and the *Social Justice Ireland* target (34.9 per cent of GDP) these taxation revenue figures are. Table 4.2's Tax Gap, the difference between the 34.9% benchmark and Government's planned level of taxation, stands at €13 billion in 2016 and averages at €15.5 billion per annum over the next six years (2016-2021). Were Government to maintain overall taxation levels at their 2014 level (30.5% of GDP), rather than pursuing the planned reductions highlighted in Chart 4.1, the state would collect an average of €4.5 billion per annum in additional taxation revenue between now and 2021.

Table 4.2: Ireland's projected total tax take and the tax gap, 2014-2021

Year	Tax as % GDP	Total Tax Receipts	The Tax Gap
2014	30.5%	57,660	8,318
2015	29.4%	61,784	11,558
2016	29.0%	64,706	13,164
2017	28.8%	67,270	14,248
2018	28.7%	70,035	15,130
2019	28.6%	72,773	16,030
2020	28.6%	75,797	16,697
2021	28.5%	78,610	17,653

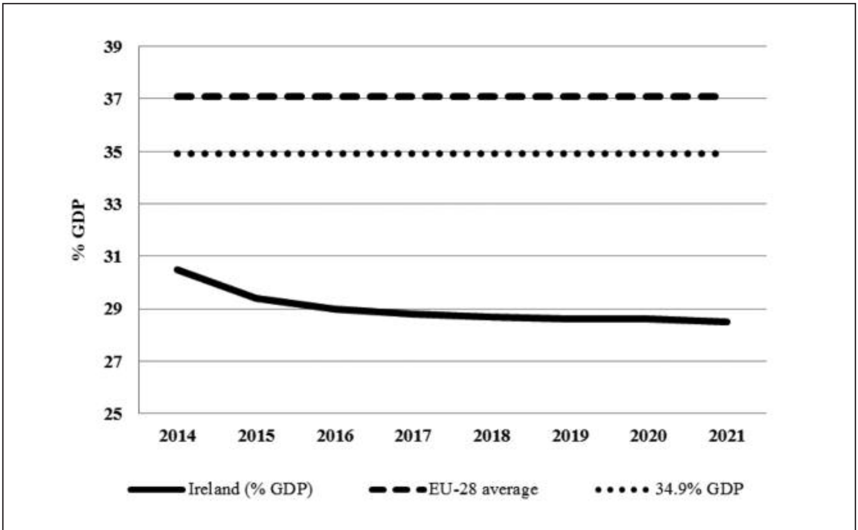
Source: Calculated from Department of Finance (2015:C43-44).
Notes: Total tax take = current taxes + Social Insurance Fund income + charges by local government + EU taxes.

The Tax Gap is calculated as the difference between the projected tax take and that which would be collected if total tax receipts were equal to 34.9% of projected GDP.

The 2014 Department of Finance estimate for the total tax take (30.5% GDP) differs from the corresponding CSO figure (28.9% GDP) reported in table 4.1.

33 Compare the outcomes for 2013 as reported by the CSO in table 4.1 and those estimated by the Department of Finance as reported in table 4.2.

Chart 4.1: Ireland's Projected Taxation Levels to 2021 and comparisons with EU-28 averages and Social Justice Ireland target



Source: Eurostat online database and Department of Finance (2015: C43-44).
Note: The EU-28 average was 37.1% of GDP in 2014 and this value is used for all years.

Future taxation needs

Government decisions to raise or reduce overall taxation revenue needs to be linked to the demands on its resources. These demands depend on what Government is required to address or decides to pursue. The effects of the recent economic crisis, and the way it was handled, carry significant implications for our future taxation needs. The rapid increase in our national debt, driven by the need to borrow both to replace disappearing taxation revenues and to fund emergency 'investments' in the failing commercial banks, has increased the on-going annual costs associated with servicing the national debt.

National debt has increased from a level of 25 per cent of GDP in 2007 - low by international standards - to peak at 123.3 per cent of GDP in 2013. Documents from the Department of Finance, to accompany Budget 2016, project that the national debt will decrease to 92.8 per cent of GDP in 2016 and to just under 80 per cent by 2020 (2015: C12). Despite favourable lending rates and payback terms, there remains a recurring cost to service this large national debt – costs which have to be financed by current taxation revenues. The estimated debt servicing cost for 2016 is €6.7 billion (Department of Finance, 2015: C47). Furthermore, the erosion of the

National Pension Reserve Fund (NPRF) through using it to fund various bank rescues (over €20 billion) has transferred the liability for future public sector pensions onto future exchequer expenditure. Although there will be some return from a number of the rescued banks, it is likely to be small relative to the total of funds committed and therefore will require additional taxation resources.

These new future taxation needs are in addition to those that already exist for funding local government, repairing and modernising our water infrastructure, paying for the health and pension needs of an ageing population, paying EU contributions and funding any pollution reducing environmental initiatives that are required by European and International agreements. Collectively, they mean that Ireland's overall level of taxation will have to rise significantly in the years to come – a reality Irish society and the political system need to begin to seriously address.

As an organisation that has highlighted the obvious implications of these long-terms trends for some time, *Social Justice Ireland* welcomes the development over the past few years where the Government has published a section of the April Stability Programme Update (SPU) focused on the long-term sustainability of public finances.[34]

Research by Bennett et al (2003), the OECD (2008) and the ESRI (2010) have all provided some insight into future exchequer demands associated with healthcare and pensions in Ireland in the decades to come. The Department of Finance has used the European Commission publication entitled '*The 2015 Ageing Report: Economic and budgetary projections for the EU28 Member States (2013-2060)'*. Table 4.3 summarises some of its baseline projections for Ireland. Over the period the report anticipates an increase in the elderly population (65 years +) from 12.4 per cent of the population in 2013 to 21.4 per cent in 2060 while the 'very elderly population', those aged more than 80 years, will more than triple from 2.9 per cent in 2013 to 10.2 per cent in 2060. Over the same period, the proportion of those of working age will decline as a percentage of the population and the old-age dependency ratio will increase from approximately five people of working age for every elderly person today to less than three for every elderly person in 2060 (EU Commission, 2015:316). While these increases imply a range of necessary policy initiatives in the decades to come, there is an inevitability that an overall higher level of taxation will have to be collected.

[34] The SPU appeared as part of the 'Spring Statement' in 2015.

Table 4.3: Projected Age Related Expenditure, as % GDP 2013-2060

Expenditure areas	**2013**	**2020**	**2030**	**2040**	**2050**	**2060**
Gross Public Pensions	7.4	8.0	9.1	10.0	10.0	8.4
of which:						
Social protection pensions	5.5	5.5	6.4	7.4	8.0	7.0
Public service pensions	1.8	2.5	2.7	2.6	2.0	1.4
Health care	6.0	6.3	6.9	7.3	7.3	7.2
Long-term care	0.7	0.7	0.9	1.1	1.3	1.4
Education	6.0	6.4	5.8	5.2	6.0	5.9
Other age-related (JA etc)	2.1	1.5	1.2	1.0	1.0	1.0
Total age-related spending	**22.1**	**22.9**	**23.9**	**24.6**	**25.6**	**23.9**

Source: Department of Finance (2015: 44) and European Commission (2015: 316-318)

Is a higher tax-take problematic?

Suggesting that any country's tax take should increase often produces negative responses. People think first of their incomes and increases in income tax, rather than more broadly of reforms to the tax base. Furthermore, proposals that taxation should increase are often rejected with suggestions that they would undermine economic growth. However, a review of the performance of a number of economies over recent years sheds a different light on this issue and shows limited or no relationship between overall taxation levels and economic growth.

Taxation and competitiveness

Another argument made against increases in Ireland's overall taxation levels is that it will undermine competitiveness. However, the suggestion that higher levels of taxation would damage our position relative to other countries is not supported by international studies of competitiveness.

Annually the World Economic Forum publishes a *Global Competitiveness Report* ranking the most competitive economies across the world.[35] Table 4.4 outlines the top fifteen economies in this index for 2015-16 as well as the ranking for Ireland

35 Competitiveness is measured across 12 pillars including: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods markets efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication and innovation. See WEF (2015) for further details on how these are measured.

(which comes 24th). It also presents the difference between the size of the tax-take in these, the most competitive, economies in the world, and Ireland, for 2014.[36]

Table 4.4: Differences in taxation levels between the world's 15 most competitive economies and Ireland.

Competitiveness Rank	Country	Taxation level versus Ireland
1	Switzerland	-3.3
2	Singapore	*not available*
3	United States	-3.9
4	Germany	6.2
5	Netherlands	6.8
6	Japan	0.4
7	Hong Kong SAR	*not available*
8	Finland	14.0
9	Sweden	12.8
10	United Kingdom	2.7
11	Norway	9.2
12	Denmark	21.0
13	Canada	0.9
14	Qatar	*not available*
15	Taiwan, China	*not available*
24	**IRELAND**	-

Source: World Economic Forum (2015)
Notes: a) Taxation data from OECD (2015) for the year 2014 except for the Netherlands and Japan where the taxation data is for 2013.
b) For some non OECD countries comparable data is *not available*.
c) The OECD's estimate for Ireland in 2014 = 29.9 per cent of GDP

Only two of the top fifteen countries, for which there is data available, report a lower taxation level than Ireland: Switzerland and the US. All the other leading competitive economies collect a greater proportion of national income in taxation. Over time Ireland's position on this index has varied, most recently rising from 31st to 24th, although in previous years Ireland had been in 22nd position. When Ireland has slipped back the reasons stated for Ireland's loss of competitiveness included decreases in economic growth and fiscal stability, poor performances by public

36 This analysis updates that first produced by Collins (2004: 15-18).

institutions and a decline in the technological competitiveness of the economy (WEF, 2003: xv; 2008:193; 2011: 25-26; 210-211). Interestingly, a major factor in that decline is related to underinvestment in state funded areas: education; research; infrastructure; and broadband connectivity. Each of these areas is dependent on taxation revenue and they have been highlighted by the report as necessary areas of investment to achieve enhanced competitiveness. As such, lower taxes do not feature as a significant priority; rather the focus is on increased and targeted efficient government spending.

A similar point was expressed by the Nobel Prize winning economist Professor Joseph Stiglitz while visiting Ireland in June 2004. Commenting on Ireland's long-term development prospects, he stated that "all the evidence is that the low tax, low service strategy for attracting investment is short-sighted" and that "far more important in terms of attracting good businesses is the quality of education, infrastructure and services." Professor Stiglitz added that "low tax was not the critical factor in the Republic's economic development and it is now becoming an impediment".[37]

Reforming and 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 useful work and enterprise, or on the value they add or on what they contribute to the common good. Rather, the tax that people and organisations should be required to pay should be based more on the value they subtract by their use of common resources. Whatever changes are made should also be guided by the need to build a fairer taxation system, one which adheres to our already stated core policy objective.

There are a number of approaches available to Government in reforming the tax base. Recent Budgets have made some progress in addressing some of these issues while the 2009 Commission on Taxation Report highlighted many areas that require further reform. A short review of the areas we consider a priority are presented below across the following subsections:

Tax Expenditures / Tax Reliefs
Minimum Effective Tax Rates for Higher Earners
Corporation Taxes
Site Value Tax
Second Homes, Empty Houses and Underdeveloped Land
Taxing Windfall Gains
Financial Transactions Tax
Carbon Taxes

[37] In an interview with John McManus, Irish Times, June 2nd 2004.

Tax Expenditures / Tax Reliefs

A significant outcome from the Commission on Taxation is contained in part eight of its Report which details all the tax breaks (or "tax expenditures" as they are referred to officially). Subsequently, two members of the Commission produced a detailed report for the Trinity College Policy Institute which offered further insight into this issue (Collins and Walsh, 2010). Since then, the annual reporting of the costs of tax expenditures has improved considerably with much more detail than in the past being published annually by the Revenue Commissioners.[38]

The most recent comprehensive tax expenditure data published by the Revenue Commissioners covers the tax year 2013. In total it provides data for 11 tax breaks ranging from those associated with tax credits for earners (Personal, PAYE, Couple, Lone Parent etc) to reliefs on capital investment and films. 17 per cent of tax breaks did not report any data either on account of delays or non-collection. These include the tax breaks for some pension reliefs which are only available for 2012 and before. Overall, the tax breaks with available data involve revenue forgone of €21.2 billion.

Some progress has been made in addressing and reforming these tax breaks since 2009, and we welcome this progress. However, despite this, recent Budgets and Finance Bills have introduced new tax breaks targeted at high earning multinational executives and research and development schemes and extended tax breaks for film production and the refurbishment of older buildings in urban areas. For the most part, there has been no or limited accompanying documentation evaluating the cost, distributive impacts or appropriateness of these proposals.

Both the Commission on Taxation (2009:230) and Collins and Walsh (2010:20-21) have also highlighted and detailed the need for new methods for evaluation/introducing tax reliefs. We strongly welcomed these proposals, which were similar to those made by the directors of *Social Justice Ireland* to the Commission in written and oral submissions. The proposals focused on prior evaluation of the costs and benefits of any proposed expenditure, the need to collect detailed information on each expenditure, the introduction of time limits for expenditures, the creation of an annual tax expenditures report as part of the Budget process and the regular scrutiny of this area by an Oireachtas committee. Recently there has been some progress in this direction with a report for the Department of Finance, accompanying Budget 2015, proposing a new process for considering and evaluating tax breaks. Documentation accompanying Budget 2016 also included, for the first time, 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.

[38] See http://www.revenue.ie/en/about/statistics/index.html

Social Justice Ireland believes that reforming the tax break system would make the tax system fairer. It would also provide substantial additional resources which would contribute to raising the overall tax take towards the modest and realistic target we outlined earlier.[39]

Minimum Effective Tax Rates for Higher Earners

The suggestion that it is the better-off who principally gain from the provision of tax exemption schemes is reflected in a series of reports published by the Revenue Commissioners entitled *Effective Tax Rates for High Earning Individuals* and *Analysis of High Income Individuals' Restriction*. These reports provided details of the Revenue's assessment of top earners in Ireland and the rates of effective taxation they incur.[40] The reports led to the introduction of a minimum 20 per cent effective tax rate as part of the 2006 and 2007 Finance Acts for all those with incomes in excess of €500,000. Subsequently, Budgets have revised up the minimum effective rate and revised down the income threshold from where it applies – reforms we have welcomed as necessary and long-overdue. Most recently, the 2010 Finance Bill introduced a requirement that all earners above €400,000 pay a minimum effective rate of tax of 30 per cent. It also reduced from €250,000 to €125,000 the income threshold where restrictions on the use of tax expenditures to decrease income tax liabilities commence.

The latest Revenue Commissioners analysis of the operation of these new rules is for the tax year 2013 (Revenue Commissioners, 2015). Table 4.5 gives the findings of that analysis for the 231 individuals subject to the restriction with income in excess of €400,000. The report also includes information on the distribution of effective income tax rates among the 673 earners subject to the restriction and with incomes between €125,000 and €400,000.

Social Justice Ireland welcomed the introduction of this scheme which marked a major improvement in the fairness of the tax system. The published data indicate that is seems to be working well; however, there are still surprisingly low effective income taxation rates being reported.

The report states that the average effective tax rate faced by earners above €400,000 in 2013 was 40.5 per cent, equivalent to the amount of income tax and USC paid by a single PAYE worker with a gross income of €145,000 in that year. Similarly, the average income tax and USC effective tax rate faced by people earning between €125,000 - €400,000 in 2013 (29.2 per cent) was equivalent to the amount of income tax paid by a single PAYE worker with a gross income of approximately €57,500 in

[39] See section later in this chapter on the standard rating of tax expenditures.

[40] The effective taxation rate is calculated as the percentage of the individual's total pre-tax income that is liable to income tax and that is paid in taxation.

that year. The contrast in these income levels for the same overall rate of income taxation brings into question the fairness of the taxation system as a whole. Such an outcome may be better than in the past, but it still has some way to go to reflect a situation where a fair contribution is being paid.

Table 4.5: The Distribution of Effective Income Tax Rates among those earning in excess of €125,000 in 2013 (% of total)

Effective Tax Rate	Individuals with incomes of €400,000+	Individuals with incomes of €125,000 - €400,000
< 15%	-	3.42%
15% < 20%	-	10.40%
20% < 25%	0.87%	16.64%
25% < 30%	1.73%	23.63%
30% < 35%	5.63%	22.59%
35%< 40%	34.20%	16.64%
40%< 45%	43.72%	4.61%
45%< 50%	12.55%	0.89%
> 50%	1.30%	1.19%
Total Cases	**231**	**673**

Source: Revenue Commissioners (2015).
Notes: Effective rates are for income taxation and USC only. They do not include PRSI.

Social Justice Ireland believes that it is important that Government continues to raise the minimum effective tax rate so that it is in-line with that faced by PAYE earners on equivalent high-income levels. Following Budget 2016 a single individual on an income of €125,000 gross will pay an income tax and USC effective tax rate of 38 per cent (down from 38.7 per cent in 2015 and 39.3 per cent in 2014); a figure which suggests that the minimum threshold for high earners has potential to adjust upwards over the next few years. We also believe that Government should reform the High Income Individuals' Restriction so that all tax expenditures are included within it. The restriction currently does not apply to all tax breaks individuals avail of, including pension contributions. This should change in Budget 2017.

Corporation Taxes
Over the past few years there has been a growing international focus on the way multi-national corporations (MNC) manage their tax affairs. The OECD's Base Erosion and Profits Shifting (BEPS) examination has established the manner and

methods by which MNC exploit international tax structures to minimise the tax they pay.[41] Similarly, the European Commission has undertaken a series of investigations into the tax management and tax minimisation practices of a number of large MNCs operating within the EU, including Ireland. The European Parliament's Special Committee on Tax Rulings has also completed a review of the EU tax system and highlighted its problems and failures (TAXE, 2015).[42]

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.

Despite a low headline rate (12.5%), there is limited data on the effective rate of corporate taxation in Ireland. A report from the Department of Finance in 2014 pointed towards four methods of calculating that rate. Although each were valid methods, it favoured one which reported an effective rate of 11.9 per cent on 'taxable income'. As 'taxable income' excludes income removed or offset from taxation through various tax breaks, it is unsurprising that the measure is close to the headline rate. However, in practical terms, the provision of tax breaks and exemptions is likely to imply corporations enjoy a substantial reduction in their tax liability.

Data from Eurostat estimate an implicit corporate tax rate on business income of between 6% and 6.6% although it is likely to be as low as 3% for many large corporations while Small and Medium Enterprises (SMEs) pay close to 12.5% for the most part.[43] A report from Collins (2015) found that the profits of US companies in Ireland were equivalent to 41.9 per cent of GDP in 2010; multiples of the figure recorded for similar companies in (higher tax) G7 countries, where the average figure was 0.7 per cent of GDP.

Social Justice Ireland believes that an EU wide agreement on a minimum effective rate of corporation tax should be negotiated and this could evolve from the ongoing discussions around a Common Consolidated Corporate Tax Base (CCCTB). We believe that the minimum rate should be set well below the 2014 EU-28 average headline rate of 22.9 per cent but above the existing low Irish level.[44] A headline rate of 17.5 per cent and a minimum effective rate of 10 per cent seems appropriate. This reform would simultaneously maintain Ireland's low corporate tax position and

41 See www.oecd.org/ctp/beps.htm
42 See www.europarl.europa.eu/committees/en/taxe/home.html
43 See Eurostat online database, code: gov_a_tax_itr, latest data for 2010-2012.
44 Data from Eurostat (2014:36-37).

provide additional revenues to the exchequer. Were such a rate in place in Ireland in 2015, corporate tax income would have been between €1 billion and €2 billion higher – a significant sum given the socio-economic challenges outlined throughout this publication. Rather than introducing this change overnight, agreement may need to be reached at EU level to phase it in over three to five years. Reflecting this, we proposed prior to Budget 2016 that the effective rate be adjusted to a minimum of 6 per cent – an opportunity regrettably missed in Budget 2016.

Social Justice Ireland believes that the issue of corporate tax contributions is principally one of fairness. Through the recent recession, the contrast between a static corporate tax rate and the increases to almost all other areas of taxation was stark. From a societal perspective, it is important that corporations contribute in a reasonable and credible way to the costs of running the state in which they operate and from which they benefit.

Site Value Tax

Taxes on wealth are minimal in Ireland. Revenue is negligible from capital acquisitions tax (CAT) because it has a very high threshold in respect of bequests and gifts within families and the rates of tax on transfers of family farms and firms are very generous (see tax revenue tables at the start of this chapter). Budget 2016 further extended the Group A (parent to child) CAT threshold and the likely future revenue from this area remains limited given the tax's current structure. The requirement, as part of the EU/IMF/ECB bailout agreement, to introduce a recurring property tax led Government in Budget 2012 to introduce an unfairly structured flat €100 per annum household charge and a value based Local Property Tax in Budget 2013. While we welcome the overdue need to extend the tax base to include a recurring revenue source from property, we believe that a Site Value Tax, also known as a Land Rent Tax, would be a more appropriate and fairer approach.

In previous editions of this publication we have reviewed this proposal in greater detail.[45] There has also been a number of research papers published on this issue over the past decade.[46] Overall they point towards a recurring site value tax that is fairer and more efficient than other alternatives. *Social Justice Ireland* believes that the introduction of a site value tax would be a better alternative than the current Government value based local property tax. A site value tax would lead to more efficient land use within the structure of social, environmental and economic goals embodied in planning and other legislation.

[45] See for example the 2013 edition of the Socio-Economic Review pages 132-134.

[46] These include O'Siochru (2004:23-57), Dunne (2004:93-122), Chambers of Commerce of Ireland (2004), Collins and Larragy (2011), and O'Siochru (2012).

Second Homes, Empty Houses and Underdeveloped Land

A feature of the housing boom of the last decade was the rapid increase in ownership of holiday homes and second homes. For the most part these homes remain empty for at least nine months of the year. It is a paradox that many were built at the same time as the rapid increases in housing waiting lists (see chapter 6).

Results from Census 2011 indicated that since 2006 there had been a 19 per cent increase in the number of holiday homes, with numbers rising from 49,789 in 2006 to 59,395 in 2011. The Census also found that overall, the number of vacant houses on Census night was 168,427 (April 2011) – some of which are also likely to be second homes.

What is often overlooked when the second home issue is being discussed is that the infrastructure to support these houses is substantially subsidised by the taxpayer. Roads, water, sewage and electricity infrastructure are just part of this subsidy which goes, by definition, to those who are already better off as they can afford these second homes in the first place. *Social Justice Ireland* supports the views of the ESRI (2003) and the Indecon report (2005:183-186; 189-190) on this issue. We believe that people purchasing second houses should have to pay these full infrastructural costs, much of which is currently borne by society through the Exchequer and local authorities. There is something perverse in the fact that the taxpayer subsidies the owners of these unoccupied houses while many people do not have basic adequate accommodation.

The introduction of the Non Principal Private Residence (NPPR) charge in 2009 was a welcome step forward. However, notwithstanding subsequent increases, the charge was very low relative to the previous and on-going benefits that are derived from these properties. It stood at €200 in 2013 and was abolished under the 2014 Local Government Reform Act. 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 this charge 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 €170 million per annum.

In the context of a shortage of housing stock (see chapter 6), building new units is not the entire solution. There remains a large number of empty units across the country, something reflected in the aforementioned 2011 Census data. *Social Justice Ireland* believes that policy should be designed to reduce the number of these units and penalise those who own units and leave them vacant for more than a six month period. We propose that Government should introduce a levy on empty houses of €200 per month with the revenue from this charge collected and retained by local authorities.

Local authorities should also be charged with collecting a new site value tax on underdeveloped land - such as abandoned urban centre sites and land-banks of zoned land on the edges of urban areas. This tax should be levied at a rate of €2,000 per hectare (or part thereof) per annum. Income from both measures should reduce the central fund allocation to local authorities by €75m per annum.

Taxing Windfall Gains

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 (see chapter 6). 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, as table 4.6 illustrates, 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.

Table 4.6: Illustrative examples of the Operation of an 80% Windfall Gain Tax on Rezoned Land

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

Note: Calculations assume an eight-fold increase on the agricultural land value upon rezoning.

Financial Transactions Tax

As the international economic chaos of the past few years has shown, the world is now increasingly linked via millions of legitimate, speculative and opportunistic financial transactions. Similarly, global currency trading increased sharply throughout recent decades. It is estimated that a very high proportion of all financial transactions traded are speculative currency transactions which are completely free of taxation.

An insight into the scale of these transactions is provided by the Bank for International Settlements (BIS) Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity (December 2013). The key findings from that report were:

In April 2013 the average daily turnover in global foreign exchange markets was US$5.3 trillion; an increase of almost 35 per cent since 2010 and 331 per cent since 2001.

The major components of these activities were: $2.046 trillion in spot transactions, $680 billion in outright forwards, $2.228 trillion in foreign exchange swaps, $54 billion currency swaps, and $337 billion in foreign exchange options and other products.

- 58 per cent of trades were cross-border and 42 per cent local.
- The vast majority of trades involved four currencies: US Dollar, Euro, Japanese Yen and Pound Sterling.
- Most of this activity (60 per cent) occurred in the US and UK.
- The estimated daily foreign exchange turnover for Ireland was US$11 billion.

Social Justice Ireland regrets that to date Government has not committed to supporting recent European moves to introduce a Financial Transactions Tax (FTT) or Tobin Tax. The Tobin tax, first proposed by the Nobel Prize winner James Tobin, is a progressive tax, designed to target only those profiting from speculation. It is levied at a very small rate on all transactions but given the scale of these transactions globally, it has the ability to raise significant funds. In September 2011 the EU Commission proposed an FTT and its proposal has evolved since then through a series of revisions and updates. Current plans are for the tax to commence under the EU's enhanced co-operation procedure in at least 10 EU members states in 2017/2018. It suggested that an FTT would be levied on transactions between financial institutions when at least one party to the transaction is located in the EU. Although the final structure of rates has yet to be agreed, the initial rates reflect the concept's focus on charging small rates on financial flows. These included the taxing of the exchange of shares and bonds at a rate of 0.1% and derivative contracts, at an even lower rate of 0.01%. The rates are minimums as countries within the EU retain the right to set individual tax rates and could choose higher levels if desired.

To date 10 of the 28 EU member states have signed up to this tax and *Social Justice Ireland* believes that Ireland should also join this group. Over the past year a group has emerged in Ireland to support the adoption of the FTT.[47] In our opinion, the tax offers the dual benefit of dampening needless and often reckless financial speculation and generating significant funds. A report from the Nevin Economic Research Institute estimated the likely revenue yield from the FTT's adoption by Ireland. Taking account of the need for Government to abolish stamp duty on shares, the report estimated a net revenue yield of between €320m and €350m per annum (Collins, 2016).

We believe that the revenue generated by this tax should be used for national economic and social development and international development co-operation purposes, in particular assisting Ireland and other developed countries to fund overseas aid and reach the UN ODA target (see chapter 13). According to the United Nations, the amount of annual income raised from a Tobin tax would be enough to guarantee to every citizen of the world basic access to water, food, shelter, health and education. Therefore, this tax has the potential to wipe out the worst forms of material poverty throughout the world.

Social Justice Ireland believes that the time has come for Ireland to support the introduction of a financial transactions tax.

Carbon Taxes

Budget 2010 announced the long-overdue introduction of a carbon tax. This had been promised in Budget 2003 and committed to in the *National Climate Change Strategy* (2007). The tax has been structured along the lines of the proposal from the Commission on Taxation (2009: 325-372) and is linked to the price of carbon credits which was set at an initial rate of €15 per tonne of CO_2 and subsequently increased in Budget 2012 to €20 per tonne. Budget 2013 extended the tax to cover solid fuels on a phased basis from May 2013 with the full tax applying from May 2014. Products are taxed based on the level of the emissions they create.

While *Social Justice Ireland* welcomed the introduction of this tax, we regret the lack of accompanying measures to protect those most affected by it, in particular low income households and rural dwellers. *Social Justice Ireland* believes that as the tax increases the Government should be more specific in defining how it will assist these households. Furthermore, we are concerned that the effectiveness of the tax is being

47 *Social Justice Ireland* is a member of this group, see www.robinhoodtax.ie

undermined as there is limited focus on the original intention of encouraging behavioural change and greater emphasis on simply raising revenue.

Building a fairer taxation system

The need for fairness in the tax system was clearly recognised in the first report of the Commission on Taxation 33 years ago. It stated:

"…in our recommendations the spirit of equity is the first and most important consideration. Departures from equity must be clearly justified by reference to the needs of economic development or to avoid imposing unreasonable compliance costs on individuals or high administrative costs on the Revenue Commissioners." (1982:29)

The need for fairness is just as obvious today and *Social Justice Ireland* believes that this should be a central objective of the current reform of the taxation system. Below we outline a series of necessary reforms that would greatly enhance the fairness of Ireland's taxation system. This section is structured in six parts:

Standard rating discretionary tax expenditures

Keeping the minimum wage out of the tax net

Favouring fair changes to income taxes

Introducing Refundable Tax Credits

Reforming individualisation

Making the taxation system simpler

Standard rating discretionary tax expenditures

Making all discretionary tax reliefs/expenditures only available at the standard 20 per cent rate would represent a crucial step towards achieving a fairer tax system. If there is a legitimate case for making a tax relief/expenditure available, then it should be made available in the same way to all. It is inequitable that people on higher incomes should be able to claim certain tax reliefs at their top marginal tax rates while people with less income are restricted to claim benefit for the same relief at the lower standard rate of 20 per cent. The standard rating of tax expenditures, otherwise known as reliefs, offers the potential to simultaneously make the tax system fairer and fund the necessary developments they are designed to stimulate without any significant macroeconomic implications.[48]

[48] See O'Toole and Cahill (2006:215) who also reach this conclusion.

Recent Budgets have made substantial progress towards achieving this objective and we welcome these developments. However, there remains considerable potential to introduce further reform. Notably, Collins (2013:17) reported that in 2009 (the latest Revenue data available) there were €2.3 billion of tax breaks made available at the marginal rate and that if these were standardised the estimated saving was just over €1 billion.

Keeping the minimum wage out of the tax net

The decision by the Minister for Finance to remove those on the minimum wage from the tax net was a major achievement of Budget 2005. This had an important impact on the growing numbers of working-poor and addressed an issue about which *Social Justice Ireland* is highly concerned.

The fiscal and economic crisis of 2008-13 led to Government reversing this policy, first via the income levy in second Budget 2009, then via the Universal Social Charge (USC) in Budget 2011 and via a PRSI increase in Budget 2013. Following Budget 2016 the USC is charged on all the income of those who earn more than €13,000 per annum. Using the unadjusted minimum wage of €9.15 per hour, the threshold implies that a low-income worker on the minimum wage and working more than 27.5 hours per week (earning €251 per week) is subject to the tax. *Social Justice Ireland* believes that this threshold remains too low and unnecessarily depresses the income and living standards of the working poor. The imposition of the USC at such low income levels raises a very small amount of funds for the exchequer. Forthcoming Budgets should continue to raise the point at which the USC commences and in the years to come, as more resources become available to the Exchequer, *Social Justice Ireland* will urge Government to restore the policy of keeping the minimum wage fully outside the tax net.

Favouring fair changes to income taxes

Reducing taxes is not a priority for *Social Justice Ireland* either in the forthcoming Budget 2017 or any future plans for taxation policy reform. We believe that any available money should be used to improve Ireland's social services and infrastructure, reduce poverty and social exclusion and increase the number of jobs – policy priorities detailed throughout this publication. However, discussion and policy considerations often focuses on income taxation reductions, and as a consequence, we have published a series of documents over the past few years that have examined, from the perspectives of fairness, various reform choices. The most recent document is entitled *Fairness in Changing Income Tax* (Social Justice Ireland, 2016).[49] As a minimum, the analysis highlights the distributive impact taxation policy choices can have and the potential policy has to pursue both fair and unfair outcomes.

[49] The document is available on our website.

Table 4.7 presents a comparison of the reforms to tax rates, tax credits, tax bands and the USC as examined in the document. In all cases the policy examined would carry a full year cost of between 1% and 1.5% of the total income taxation yield (€174m-€271m).[50] The reforms examined are for changes to the 2016 income taxation system and are:

- a decrease in the top tax rate from 40% to 39% (full year cost €246m)
- a decrease in the standard rate of tax from 20% to 19.5% (full year cost €271m)
- an increase in the personal tax credit of €100 with commensurate increases in couple, widowed parents and the single person child carer credit (full year cost €220m)
- an increase in the standard rate band (20% tax band) of €1,500 (full year cost €257m)
- a 1% point decrease in the 1% USC rate (i.e. its abolition) – that applies to income below €12,012 (full year cost €237m)
- a 1.5% point decrease in the 3% USC rate – that applies to income between €12,012 and €18,668 (full year cost €222m)
- a 0.5% point decrease in the 5.5% USC rate – that applies to income between €18,668 and €70,044 (full year cost €174m)
- a 1.5% point decrease in the 8% USC rate – that applies to income above €70,044 (full year cost €187m)

Although all of the income taxation options have similar costs (1%-1.5% of the income taxation yield), they each carry different effects on the income distribution. Overall, three of the changes would produce a fair outcome:

- increasing the personal tax credit;
- reducing the 1% USC rate by 1 percentage point; and
- reducing the 3% USC rate by 1.5 percentage points.

Five of the changes would produce an unfair outcome:

- reducing the top tax rate to 39%;
- reducing the standard tax rate to 19%;
- increasing the standard rate band;
- reducing the 7% USC rate; and
- reducing the 8% USC rate.

[50] The cost estimates are based on the most recent taxation ready reckoner available from the Revenue Commissioners (post-Budget 2016).

Each of the three fair options would provide beneficiaries with an improvement in their annual income of around €100-120. Each of the five unfair options would skew benefits towards those with higher incomes.

Table 4.7: Comparing gains under eight possible income tax reforms (€ per annum)

Gross Income	€15,000	€25,000	€50,000	€75,000	€100,000	€125,000
Decrease in the top tax rate from 40% to 39% (full year cost €246m)						
Single earner	0	0	162	412	662	912
Couple 1 earner	0	0	72	322	572	822
Couple 2 earners	0	0	0	74	324	574
Decrease in the standard tax rate from 20% to 19.5% (full year cost €271m)						
Single earner	0	125	169	169	169	169
Couple 1 earner	0	50	214	214	214	214
Couple 2 earners	0	0	250	338	338	338
Increase in the personal tax credit of €100 (full year cost €220 million)						
Single earner	0	100	100	100	100	100
Couple 1 earner	0	20	200	200	200	200
Couple 2 earners	0	0	200	200	200	200
Increase in the standard rate band of €1,500 (full year cost €257 million)						
Single earner	0	0	300	300	300	300
Couple 1 earner	0	0	300	300	300	300
Couple 2 earners	0	0	0	600	600	600
A 1% point decrease in the 1% USC rate (full year cost €237m)						
Single earner	120.12	120.12	120.12	120.12	120.12	120.12
Couple 1 earner	120.12	120.12	120.12	120.12	120.12	120.12
Couple 2 earners	0.00	120.12	240.24	240.24	240.24	240.24
A 1.5% point decrease in the 3% USC rate (full year cost €222m)						
Single earner	44.82	99.84	99.84	99.84	99.84	99.84
Couple 1 earner	44.82	99.84	99.84	99.84	99.84	99.84
Couple 2 earners	0.00	63.57	182.16	199.68	199.68	199.68

A 0.5% point decrease in the 5.5% USC rate (full year cost €174m)						
Gross Income	**€15,000**	**€25,000**	**€50,000**	**€75,000**	**€100,000**	**€125,000**
Single earner	0	0	162	412	662	912
Couple 1 earner	0	0	72	322	572	822
A 1.5% point decrease in the 8% USC rate (full year cost €187m)						
Couple 2 earners	0	0	0	74	324	574
Single earner	0	125	169	169	169	169
Couple 1 earner	0	50	214	214	214	214

Notes: All workers are assumed to be PAYE workers. For couples with 2 earners the income is assumed to be split 65%/35%. Cost estimates are based on the latest available Revenue Commissioners taxation ready reckoner and are applied to the structure of the 2016 income taxation system. The increase in the personal tax credit assumes a commensurate increase in the couple, widowed parents and the single person child carer credit. USC calculations assume earners pay the standard rate of USC.

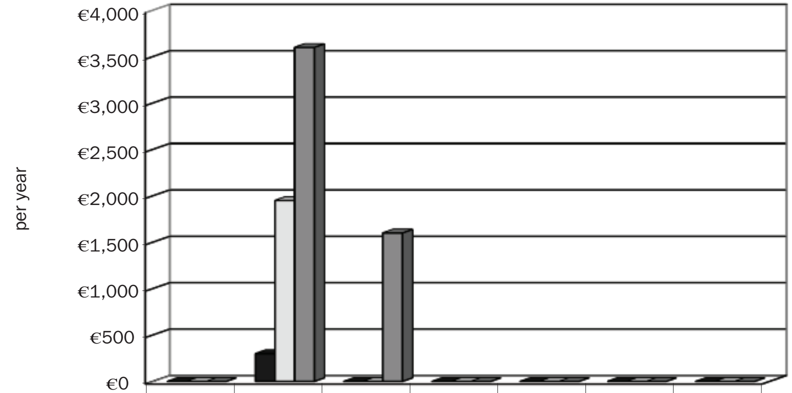
Introducing refundable tax credits

The move from tax allowances to tax credits was completed in Budget 2001. This was a very welcome change because it put in place a system that had been advocated for a long time by a range of groups. One problem persists however. If a low income worker does not earn enough to use up his or her full tax credit then he or she will not benefit from any income tax reductions introduced by government in its annual budget.

Making tax credits refundable would be a simple solution to this problem. It would mean that the part of the tax credit that an employee did not benefit from would be “refunded” to him/her by the state.

The major advantage of making tax credits refundable lies in addressing the disincentives currently associated with low-paid employment. The main beneficiaries of refundable tax credits would be low-paid employees (full-time and part-time). Chart 4.2 displays the impacts of the introduction of this policy across various gross income levels. It clearly shows that all of the benefits from introducing this policy would go directly to those on the lowest incomes.

Chart 4.2: How much better off would people be if tax credits were made refundable?



	Unemp	€15,000	€25,000	€50,000	€75,000	€100,000	€125,000
Single	-	300	-	-	-	-	-
Couple 1 Earner*	-	1,950	-	-	-	-	-
Couple 2 Earners*	-	3,600	1,600	-	-	-	-

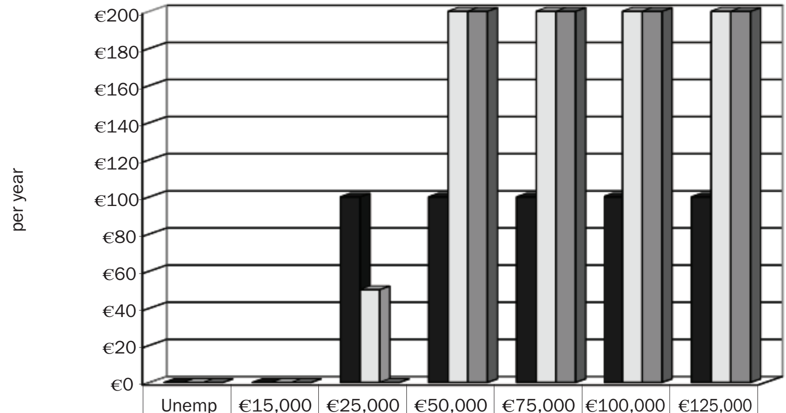
Note: * Except where unemployed as there is no earner

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 simply benefit from the tax credit as a reduction in their tax bill. Therefore, as chart 4.2 shows, 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.

To illustrate the benefits of this approach, charts 4.3 and 4.4 compare the effects of a €100 increase in the personal tax credit before and after the introduction of refundable tax credits. Chart 4.3 shows the effect as the system is currently structured – an increase of €100 in credits, but these are not refundable. It shows that the gains are allocated equally to all categories of earners above €50,000. However, there is no benefit for those workers whose earnings are not in the tax net.

Chart 4.4 shows how the benefits of a €100 a year increase in personal tax credits would be distributed under a system of refundable tax credits. This simulation demonstrates the equity attached to using the tax-credit instrument to distribute budgetary taxation changes. The benefit to all categories of income earners (single/couple, one-earner/couple, dual-earners) is the same. Consequently, in relative terms, those earners at the bottom of the distribution do best.

Chart 4.3: How much better off would people be if tax credits were increased by €100 per person?

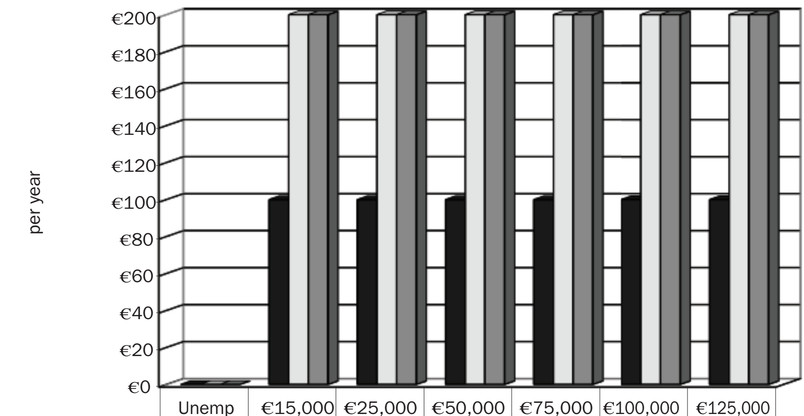


	Unemp	€15,000	€25,000	€50,000	€75,000	€100,000	€125,000
Single	-	-	100	100	100	100	100
Couple 1 Earner*	-	-	50	200	200	200	200
Couple 2 Earners*	-	-	-	200	200	200	200

Note: * Except where unemployed, as there is no earner

Overall the merits of adopting this approach are: that every beneficiary of tax credits would receive the full value of the tax credit; that the system would improve the net income of the workers whose incomes are lowest, at modest cost; and that there would be no additional administrative burden placed on employers.

Chart 4.4: How much better off would people be if tax credits were increased by €100 per person and this was refundable?



	Unemp	€15,000	€25,000	€50,000	€75,000	€100,000	€125,000
Single	-	100	100	100	100	100	100
Couple 1 Earner*	-	200	200	200	200	200	200
Couple 2 Earners*	-	200	200	200	200	200	200

Note: * Except where unemployed, as there is no earner

Outside Ireland, the refundable tax credits approach has gained more and more attention, including a detailed Brooking Policy Briefing on the issue published in the United States in late 2006 (see Goldberg et al, 2006). In reviewing this issue in the Irish context the late Colm Rapple stated that "the change is long overdue" (2004:140).

During 2010 *Social Justice Ireland* published a detailed study on the subject of refundable tax credits. Entitled '*Building a Fairer Tax System: The Working Poor and the Cost of Refundable Tax Credits*', the study identified that the proposed system would benefit 113,000 low-income individuals in an efficient and cost-effective manner.[51] When children and other adults in the household are taken into account the total number of beneficiaries would be 240,000. The cost of making this change would be €140m. The *Social Justice Ireland* proposal to make tax credits refundable would make Ireland's tax system fairer, address part of the working poor problem and improve the living standards of a substantial number of people in Ireland. The following is a summary of that proposal:

[51] The study is available from our website: www.socialjustice.ie

Making tax credits refundable: the benefits

- Would address the problem identified already in a straightforward and cost-effective manner.
- No administrative cost to the employer.
- Would incentivise employment over welfare as it would widen the gap between pay and welfare rates.
- Would be more appropriate for a 21st century system of tax and welfare.

Details of Social Justice Ireland proposal

- Unused portion of the Personal and PAYE tax credit (and only these) would be refunded.
- Eligibility criteria in the relevant year.
- Individuals must have unused personal and/or PAYE tax credits (by definition).
- Individuals must have been in paid employment.
- Individuals must be at least 23 years of age.
- Individuals must have earned a minimum annual income from employment of €4,000.
- Individuals must have accrued a minimum of 40 PRSI weeks.
- Individuals must not have earned an annual total income greater than €15,600.
- Married couples must not have earned a combined annual total income greater than €31,200.
- Payments would be made at the end of the tax year.

Cost of implementing the proposal

- The total cost of refunding unused tax credits to individuals satisfying all of the criteria mentioned in this proposal is estimated at €140.1m.

Major findings

- Almost 113,300 low income individuals would receive a refund and would see their disposable income increase as a result of the proposal.
- The majority of the refunds are valued at under €2,400 per annum, or €46 per week, with the most common value being individuals receiving a refund of between €800 to €1,000 per annum, or €15 to €19 per week.
- Considering that the individuals receiving these payments have incomes of less than €15,600 (or €299 per week), such payments are significant to them.

- Almost 40 per cent of refunds flow to people in low-income working poor households who live below the poverty line.
- A total of 91,056 men, women and children below the poverty threshold benefit either directly through a payment to themselves or indirectly through a payment to their household from a refundable tax credit.

Of the 91,056 individuals living below the poverty line that benefit from refunds, most, over 71 per cent receive refunds of more than €10 per week with 32 per cent receiving in excess of €20 per week.

A total of 148,863 men, women and children above the poverty line benefit from refundable tax credits either directly through a payment to themselves or indirectly (through a payment to their household. Most of these beneficiaries have income less than €120 per week above the poverty line.

Overall, some 240,000 individuals (91,056 + 148,863) living in low-income households would experience an increase in income as a result of the introduction of refundable tax credits, either directly through a refund to themselves or indirectly through a payment to their household.

Once adopted, a system of refundable tax credits as proposed in this study would result in all future changes in tax credits being equally experienced by all employees in Irish society. Such a reform would mark a significant step in the direction of building a fairer taxation system and represent a fairer way for Irish society to allocate its resources.

Reforming individualisation

Social Justice Ireland supports individualisation of the tax system. However, the process of individualisation followed to date has been deeply flawed and unfair. The cost to the exchequer of this transition has been in excess of €0.75 billion, and almost all of this money has gone to the richest 30 per cent of the population. A significantly fairer process would have been to introduce a basic income system that would have treated all people fairly and ensured that a windfall of this nature did not accrue to the best off in this society (see chapter 3).

Given the current form of individualisation, couples with one partner losing his/her job end up even worse off than they would have been had the current form of individualisation not been introduced. Before individualisation was introduced, the standard-rate income-tax band was €35,553 for all couples. Above that, they would start paying the higher rate of tax. Now, the standard-rate income-tax band for single-income couples is €42,800 while the band for dual-income couples covers a maximum of a further €24,800 (up to €67,600). If one spouse (of a couple previously earning two salaries) leaves a job voluntarily or through redundancy, the couple loses the value of the second tax band.

Making the taxation system simpler
Ireland's tax system is not simple. Bristow (2004) argued that "some features of it, notably VAT, are among the most complex in the world". The reasons given to justify this complexity vary but they are focused principally around the need to reward particular kinds of behaviour which is seen as desirable by legislators. This, in effect, is discrimination either in favour of one kind of activity or against another. There are many arguments against the present complexity and in favour of a simpler system.

Discriminatory tax concessions in favour of particular positions are often very inequitable, contributing far less to equity than might appear to be the case. In many circumstances they also fail to produce the economic or social outcomes which were being sought and sometimes they even generate very undesirable effects. At other times they may be a complete waste of money, since the outcomes they seek would have occurred without the introduction of a tax incentive. Having a complex system has other down-sides. It can, for example, have high compliance costs both for taxpayers and for the Revenue Commissioners.

For the most part, society at large gains little or nothing from the discrimination contained in the tax system. Mortgage interest relief, for example, and the absence of any residential or land-rent tax contributed to the rise in house prices up to 2007. Complexity makes taxes easier to evade, invites consultants to devise avoidance schemes and greatly increases the cost of collection. It is also inequitable because those who can afford professional advice are in a far better position to take advantage of that complexity than those who cannot. A simpler taxation system would better serve Irish society and all individuals within it, irrespective of means.

Key Policy Priorities on Taxation

Social Justice Ireland believes that Government should:

- increase the overall tax take
- adopt policies to broaden the tax base
- develop a fairer taxation system

Policy priorities under each of these headings are listed below.

Increase the overall tax take

- Move towards increasing the total tax take to 34.9 per cent of GDP (i.e. a level below the high tax threshold identified by Eurostat).

Broaden the tax base

- Continue to reform the area of tax expenditures and put in place procedures within the Department of Finance and the Revenue Commissioners to monitor on an on-going basis the cost and benefits of all current and new tax expenditures.
- Continue to increase the minimum effective tax rates on very high earners (those with incomes in excess of €125,000) so that these rates are consistent with the levels faced by PAYE workers.
- Move to negotiate an EU wide agreement on minimum corporate taxation rates (a rate of 17.5 per cent would seem fair in this situation).
- Adopt policies to ensure that corporations based in Ireland pay a minimum effective corporate tax rate of 10 per cent.
- Impose charges so that those who construct or purchase second homes pay the full infrastructural costs of these dwellings.
- Restore the 80 per cent windfall tax on the profits generated from all land re-zonings.
- Join with other EU member states to adopt a financial transactions tax (FTT).
- Adopt policies which further shift the burden of taxation from income tax to eco-taxes on the consumption of fuel and fertilisers, waste taxes and a land rent tax. In doing this, government should avoid any negative impact on people with low incomes.

Develop a fairer taxation system

- Apply only the standard rate of tax to all discretionary tax expenditures.
- Adjust tax credits and the USC so that the minimum wage returns to falling outside the tax net.
- Make tax credits refundable.
- Accept that where reductions in income taxes are being implemented, they should favour fair options which do not skew the benefits towards higher earners.
- Ensure that individualisation in the income tax system is done in a fair and equitable manner.
- Integrate the taxation and social welfare systems.
- Begin to monitor and report tax levels (personal and corporate) in terms of effective tax rates.

- Develop policies which allow taxation on wealth to be increased.
- Ensure that the distribution of all changes in indirect taxes discriminate positively in favour of those with lower incomes.
- Adopt policies to simplify the taxation system.
- Poverty-proof all budget tax packages to ensure that tax changes do not further widen the gap between those with low income and the better off.

5.

WORK, UNEMPLOYMENT AND JOB CREATION

CORE POLICY OBJECTIVE:
WORK, UNEMPLOYMENT AND JOB CREATION

To ensure that all people have access to meaningful work

The scale and severity of the 2008-2010 economic collapse saw Ireland revert to the phenomenon of widespread unemployment. Since then, despite the attention given to the banking and fiscal collapse, the transition from near full-employment to high unemployment was the most telling characteristic of that recession. The implications for individuals, families, social cohesion and the exchequer's finances have been serious and the effects continue to be felt. CSO data and economic forecasts for the remainder of 2016 indicate that unemployment will reach an annual rate of between 9 and 8.3 per cent of the labour force in 2016, having been 4.7 per cent before the recession in 2007. Significant improvements have been achieved over the past four years, but there can be little doubt but that we are in a very challenging period in which a high level of long-term unemployment has once again become a characteristic of Irish society.

This chapter reviews the evolution of this situation and considers the implications and challenges which arise for Government and society.[52] It also looks at the impact on various sectors of the working-age population and outlines a series of proposals for responding to this unemployment crisis. To date, *Social Justice Ireland* considers that

[52] The analysis complements information on the measurement of the labour market and long-term trends in employment and unemployment detailed in annex 5 which is available online at:
http://www.socialjustice.ie/content/publications/type/socioeconomic-review-annex

the policy response has been limited. As the chapter shows, the scale and nature of our unemployment crisis deserves greater attention, in particular given the scale of long-term unemployment. The chapter concludes with some thoughts on the narrowness of how we consider and measure the concept of ‘work’. The issues addressed in this chapter principally focus on one pillar of *Social Justice Ireland’s* ‘Policy Framework for a Just Society (see Chapter 2), ‘Decent services and Infrastructure.

If the challenge of unemployment is to be addressed effectively, *Social Justice Ireland* believes that Government should[53]:

- Launch a major investment programme focused on creating employment and prioritise initiatives that strengthen social infrastructure, including a comprehensive school building programme and a much larger social housing programme.
- Resource the up-skilling of those who are unemployed and at risk of becoming unemployed through integrating training and labour market programmes.
- Adopt policies to address the worrying trend of youth unemployment. In particular, these should include education and literacy initiatives as well as retraining schemes.
- Recognise the scale of the evolving long-term unemployment problem and adopt targeted policies to begin to address this.
- Recognise that the term “work” is not synonymous with the concept of “paid employment”. Everybody has a right to work, i.e. to contribute to his or her own development and that of the community and the wider society. This, however, should not be confined to job creation. Work and a job are not the same thing.

Recent trends in employment and unemployment

The nature and scale of the recent transformation in Ireland’s labour market is highlighted by the data in table 5.1. Over the nine years from 2007-2015 the labour force decreased by just over 4 per cent, participation rates dropped, full-time employment fell by 13 per cent, representing almost 234,000 jobs, while part-time employment increased by 15.6 per cent. By the end of 2015 the number of underemployed people, defined as those employed part-time but wishing to work additional hours, stood at 104,000 people – almost 5 per cent of the labour force. Over this period unemployment increased by almost 82,900 people, bringing the unemployment rate up from 4.6 per cent to 8.7 per cent; although the 2015 figure represents a dramatic improvement on the levels experienced during the height of the economic crisis in 2010/2011.

[53] Much greater detail on these and related initiatives is provided later in this chapter.

Table 5.1: Labour Force Data, 2007 – 2015

	2007	2011	2015	Change 07-15
Labour Force	2,260,600	2,161,500	2,170,500	-90,100
LFPR%	63.8	60.1	60.0	-3.8%
Employment%	68.8	59.0	63.9	-4.9%
Employment	2,156,000	1,847,700	1,983,000	-173,000
Full-time	1,765,300	1,411,400	1,531,500	-233,800
Part-time	390,700	436,200	451,600	+60,900
Underemployed	n/a	145,600	104,000	n/a
Unemployed%	4.6	14.6	8.7	+4.1%
Unemployed	104,600	313,900	187,500	+82,900
LT Unemployed%	1.4%	9.1%	4.7%	+3.3%
LT Unemployed	31,700	196,100	102,100	+70,400

Source: CSO, QNHS on-line database.
Notes: All data is for Quarter 4 of the reference year.
LFPR = ILO labour force participation rate and measures the percentage of the adult population who are in the labour market.
Underemployment measures part-time workers who indicate that they wish to work additional hours which are not currently available.
Comparable underemployment data is not available for 2007.
LT = Long Term (12 months or more).

This transformation in the labour market has significantly altered the nature of employment in Ireland when compared to the pre-recession picture in 2007. Overall, employment fell by 8 per cent (173,000 jobs) between 2007-2015 and table 5.2 traces the impact of this fall across various sectors, groups and regions. Within the CSO's broadly defined employment sectors, industrial employment has seen the biggest fall of 32 per cent (176,600 jobs) while there has been a smaller fall in agricultural employment and a small growth in services employment. However, compared to 2011, overall employment has been growing, representing a slow but welcome recovery.

Overall, job losses have had a greater impact on males than females with male employment down 12 per cent since 2007 (almost 150,000 jobs) while female employment decreased by 2.5 per cent (23,100 jobs). The impact of the crisis saw the number of employees fall by 7 per cent since 2007 while the rate of decline for the self-employed was 11.8 per cent; although there are many more of the former and the actual job losses among employees is significantly higher.

Table 5.2: Employment in Ireland, 2007 – 2015

	2007	2011	2015	Change 07-15
Employment	2,156,000	1,847,700	1,983,000	-173,000
Sector				
Agriculture	114,300	80,300	106,400	-7,900
Industry	551,600	352,400	375,000	-176,600
Services	1,482,900	1,412,300	1,495,000	+12,100
Gender				
Male	1,221,800	987,300	1,072,000	-149,800
Female	934,200	860,400	911,100	-23,100
Employment Status				
Employees*	1,775,900	1,550,700	1,646,700	-129,200
Self Employed	364,300	287,500	321,300	-43,000
Assisting relative	15,800	9,500	15,000	-800
Region				
Border	221,100	180,800	195,000	-26,100
Midland	126,100	102,800	120,800	-5,300
West	206,400	178,800	178,600	-27,800
Dublin	640,000	548,800	610,400	-29,600
Mid-West	251,900	229,900	235,800	-16,100
Mid-East	173,200	154,600	153,100	-20,100
South-East	226,600	182,900	205,400	-21,200
South-West	310,600	269,100	283,900	-26,700

Source: CSO, QNHS on-line database.
Notes: * Numbers recorded as employed include those on various active labour market policy schemes. See also notes to table 5.1.

The consequence of all these job losses has been the sharp increase in unemployment and emigration. Dealing with unemployment, table 5.3 shows how it has changed between 2007 and 2015, a period when the numbers unemployed increased by almost 80 per cent. As the table shows, male unemployment increased by 56,000 and female unemployment by 26,500. Most of the unemployed, who had been employed in 2007 and before it, are seeking to return to a full-time job with just over 6 per cent of those unemployed in 2015 indicating that they were seeking part-time employment. The impact of the unemployment crisis was felt right across the age groups with younger age groups seeing their numbers unemployed consistently fall since 2011 – a phenomenon not unrelated to the return of high emigration figures over recent years.[54]

Table 5.3: Unemployment in Ireland, 2007 - 2015

	2007	2011	2015	Change 07-15
Unemployment	104,600	313,900	187,500	+82,900
Gender				
Male	66,700	211,300	123,000	+56,300
Female	37,900	102,500	64,400	+26,500
Employment sought				
Seeking FT work	85,900	270,000	159,700	+73,800
Seeking PT work	16,200	31,000	21,500	+5,300
Age group				
15-19 years	9,400	18,500	10,300	+900
20-24 years	21,700	49,200	24,100	+2,400
25-34 years	33,000	97,400	49,400	+16,400
35-64 years	40,400	148,100	102,200	+61,800
Region				
Border	14,000	29,100	18,600	+4,600
Midland	6,500	23,600	14,700	+8,200
West	8,400	32,400	20,800	+12,400
Dublin	30,200	81,700	50,000	+19,800
Mid-West	9,400	32,700	19,300	+9,900
South-East	9,500	29,100	14,100	+4,600
South-West	12,100	43,400	27,700	+15,600
Mid-East	14,400	41,800	22,400	+8,000
Duration				
Unemp. less than 1 yr	72,000	113,800	79,200	+7,200
Unemp. more than 1 yr	31,700	196,100	102,100	+70,400
LT Unemp. as% Unemp	30.3%	62.5%	54.5%	

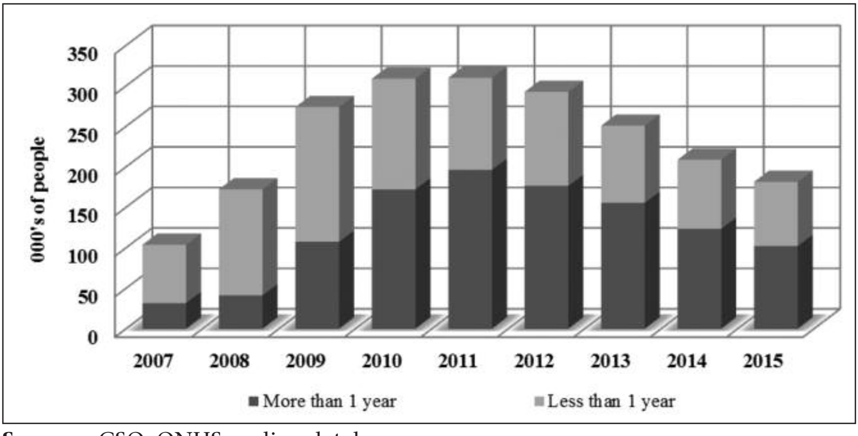
Source: CSO, QNHS on-line database
Note: See also notes to table 5.1.

[54] See chapter 10 for more information on recent migration trends.

The rapid growth in the number and rates of long-term unemployment are also highlighted in table 5.3 and in chart 5.1. The number of long-term unemployed was less than 32,000 in 2007 and has increased since, reaching 196,100 in 2011 before falling again to 102,100 at the end of 2015. For the first time on record, the QNHS data for late 2010 indicated that long-term unemployment accounted for more than 50 per cent of the unemployed and by the end of 2015 the long-term unemployed represented 54.5 per cent of the unemployed. The transition to these high levels since 2007 has been rapid – see chart 5.1. The experience of the 1980s showed the dangers and long-lasting implications of an unemployment crisis characterised by high long-term unemployment rates. It remains a major policy failure that Ireland's level of long-term unemployment has been allowed to increase so rapidly in recent years. Furthermore, it is of serious concern that to date Government policy has given limited attention to the issue.

Addressing a crisis such as this is a major challenge and we outline our suggestions for immediate policy action later in the chapter. However, it is clear that reskilling many of the unemployed, in particular those with low education levels, will be a key component of the response. Using the latest data, for the final quarter of 2015, 56 per cent of the unemployed had no more than second level education with 26 per cent not having completed more than lower secondary (equivalent to the junior certificate). At the other extreme, the scale and severity of the recession has resulted in high levels of third-level graduates becoming unemployed. While Government should not ignore any group in its overdue attempts to address the unemployment crisis, major emphasis should be placed on those who are most likely to become trapped in long term unemployment – in particular those with the lowest education levels.

Chart 5.1: The Increased Presence of Long-Term Unemployed in Ireland, 2007-2015



Source: CSO, QNHS on-line database
Note: Data is for Q4 of each year

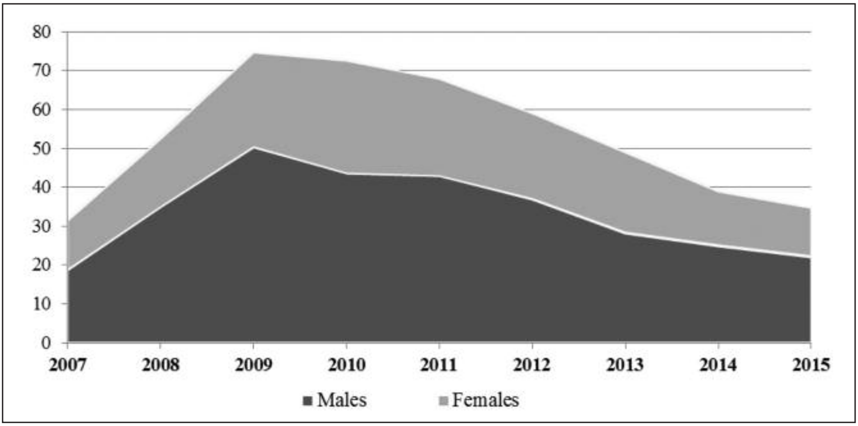
Previous experiences, in Ireland and elsewhere, have shown that many of those under 25 and many of those over 55 find it challenging to return to employment after a period of unemployment. This highlights the danger of the aforementioned large increases in long-term unemployment and suggests a major commitment to retraining and re-skilling will be required. In the long-run Irish society can ill afford a return to the long-term unemployment problems of the 1980s. In the short-run the new-unemployed are adding to the numbers living on low-income in Ireland and this, in turn, will continue to have a negative impact on future poverty figures (see chapter 3).

Two further themes arise from the employment and unemployment data and we address these over the next two subsections: youth unemployment and the increase in precarious work. We then conclude this section by examining trends on the live register.

Youth unemployment

While the increase in unemployment has been spread across all ages and sectors (see table 5.3), chart 5.2 highlights the very rapid increase in the numbers unemployed under 25 years-of-age. The numbers in this group more than doubled between 2007 and 2009 peaking at 83,100 in quarter 2 2009. Since then decreases have occurred, reaching 34,400 in late 2015. Although we have limited empirical knowledge of the reasons for these decreases, a large part of the decrease is probably due to emigration.

Chart 5.2: Youth Unemployment in Ireland, by gender 2007-2015



Source: CSO, QNHS on-line database.

Although youth unemployment represents about 18 per cent of the total population that are unemployed, there is merit in giving it particular attention. Experiences of unemployment, and in particular long-term unemployment, alongside an inability to access any work, training or education, tends to leave a 'scaring effect' on young people. It increases the challenges associated with getting them active in the labour market at any stage in the future. The latest data on the number of young people aged 18-24 years in Ireland who are not in education, employment or training (NEETs) is 19.5 per cent in 2014 (NERI, 2015).

In the short-term it makes sense for Government to invest in the 'youth unemployed' and *Social Justice Ireland* considers this to be a central priority of any programme to seriously address the unemployment crisis. At a European level, this issue has been receiving welcome attention over the past two years; driven by high levels of youth unemployment in other crisis countries.

Under-employment, part-time employment and precarious employment

The figures in table 5.1 also point towards the growth of various forms of precarious employment over recent years. Since 2007 employment has fallen by 7 per cent; but this figure masks a bigger decline in full-time employment (13 per cent) and a growth in part-time employment (+15.6 per cent). Within those part-time employed there has also been an increase in the numbers of people who are underemployed, that is working part-time but at less hours than individuals are willing to work. By the end of 2015 the numbers underemployed stood at 104,000 people, about 4.8 per cent of the total labour force and almost one-quarter of all part-time employees.

While an element of these figures can be explained by the recession, and the suppressed levels of activity in some sectors, they also suggest the emergence of a greater number of workers in precarious employment situations. The growth in the number of individuals with less work hours than ideal, as well as those with persistent uncertainties concerning the number and times of hours required for work, is a major labour market challenge. Aside from the impact this has on the well-being of individuals and their families, it also impacts on their financial situation and adds to the working-poor challenges we outlined in chapter 3. There are also impacts on the state given that Family Income Supplement (FIS) and the structure of jobseeker payments tend to lead to Government subsidising these families' incomes; and indirectly subsidising some employers who create persistent precarious employment patterns for their workers.

As the labour market improves, *Social Justice Ireland* believes that now is the time to adopt measures to address and eliminate these problems. Our commitment to the development and adoption of a Living Wage (see section 3.3) reflects this. Also in that context, the establishment of the Low Pay Commission is a welcome development. It is important that that group provides credible solutions to these labour market challenges and that their proposals are implemented.

The Live Register

While the live register is not an accurate measure of unemployment, it is a useful barometer of the nature and pace of change in employment and unemployment. Increases suggest a combination of more people unemployed, more people on reduced employment weeks and consequently reductions in the availability of employment hours to the labour force. Conversely, reductions signal signs of improvements in job opportunities and/or longer working weeks. Table 5.4 shows that the number of people signing on the live register increased rapidly since the onset of the economic crisis in 2007. The numbers peaked in July 2011 and by January 2016 the numbers signing-on the live register had increased by just over 160,000 compared to nine years earlier.

Table 5.4: Numbers on the Live Register (unadjusted), Jan 2007 - 2016

Year	Month	Males	Females	Total
2007	January	95,824	62,928	158,752
2008	January	116,160	65,289	181,449
2009	January	220,412	105,860	326,272
2010	January	291,648	145,288	436,936
2011	January	292,003	150,674	442,677
2011	July (peak)	297,770	172,514	470,284
2012	January	283,893	155,696	439,589
2013	January	273,627	155,769	429,396
2014	January	248,723	150,907	399,630
2015	January	218,678	139,994	358,672
2016	January	191,756	130,046	321,802

Source: CSO Live Register on-line database.

The live register data offers a useful insight into the skills and experience of those signing on. Table 5.5 presents a breakdown of the January 2016 live register number by people's last occupation and also examines the differences between those over and under 25 years. The figures once again highlight the need for targeted reskilling of people who hold skills in sectors of the economy that are unlikely to ever return to the employment levels of the early part of the last decade.

Table 5.5: Persons on Live Register by last occupation – January 2016

Occupational group	Overall	Under 25 yrs	Over 25 yrs
Managers and administrators	14,492	373	14,119
Professional	17,642	907	16,735
Associate prof. and technical	9,252	848	8,404
Clerical and secretarial	30,932	1,773	29,159
Craft and related	61,931	4,481	57,450
Personal and protective service	42,333	4,962	37,371
Sales	34,582	6,503	28,079
Plant and machine operatives	52,521	6,063	46,458
Other occupation	38,916	6,806	32,110
No occupation	19,201	7,090	12,111
Total	**321,802**	**39,806**	**281,996**

Source: CSO Live Register on-line database.

Responding to the unemployment crisis

Despite recent improvements, the scale of the increases in unemployment since the outset of the economic crisis in 2007 is enormous and it is crucial that Government, commentators and society in general remember that each of these numbers represent people who are experiencing dramatic and, in many cases, unexpected turmoil in their lives and their families' lives. As Irish society comes to terms with the enormity of this issue, we believe that this perspective should remain central.

To date, the policy response to this crisis has been limited, comprising announcements of apprenticeship schemes, 'Job Initiative' reforms, annual Action Plans, the 'Pathways to Work' programme, Regional plans and a few other small policy initiatives. Each of these has targeted minor reforms and have had mixed success given the scale of the unemployment crisis – for the most part the long-term unemployment, skill deficits, under-employment and precarious work issues have been given limited attention.

In responding to this situation *Social Justice Ireland* believes that Government needs to formulate a clear and integrated set of policy priorities. We set these out in detail in the final section of this chapter.

Even the most optimistic economic and labour market projections for the years to come suggest that unemployment will remain a major factor. The Department of

Finance's estimates in Budget 2016 point towards a rate 8.3 per cent in 2016; we anticipate this figure will be revised down during 2016 towards 8 per cent. As recovery emerges, it is important that policy focuses on those furthest from being able to rejoin the numbers employed and assist those within employment but struggling as the working poor.

Work and people with disabilities

Results from Census 2011 provided data on the scale and nature of disability in Ireland. In a report published in November 2012, the CSO reported that a total of 595,335 people had a disability in Ireland; equivalent to 13 per cent of the population. The most common disability overall was a difficulty with pain, breathing or other chronic illness or condition which was experienced by 46.2 per cent of all people with a disability; this was followed by a difficulty with basic physical activities, experienced by 41.1 per cent. The report found that both of these disabilities were strongly age-related. It also showed that 1.1 per cent of the population were blind or had a sight related disability (51,718 people); 1.3 per cent of the population suffered from an intellectual disability (57,709 people); 2 per cent of the population were deaf or had a hearing related disability (92,060 people); 2.1 per cent of the population had a psychological or emotional condition (96,004 people); 3 per cent of the population had a difficulty with learning, remembering or concentrating (137,070 people); 5.3 per cent of the population had a difficulty with basic physical activities (244,739 people); and 6 per cent of the population had a disability connected with pain, breathing or another chronic illness or condition (274,762 people) (CSO, 2012: 45, 51-53).[55]

The Census 2011 data also revealed that there was 162,681 persons with a disability in the labour force representing a participation rate of 30 per cent, less than half that for the population in general. These findings reflect earlier results from the 2006 National Disability Survey (CSO, 2008 and 2010) and a 2004 QNHS special module on disability (CSO, 2004). This low rate of employment among people with a disability is of concern. Apart from restricting their participation in society it also ties them into state dependent low-income situations. Therefore, it is not surprising that Ireland's poverty figures reveal that people who are ill or have a disability are part of a group at high risk of poverty (see chapter 3).

Social Justice Ireland believes that further efforts should be made to reduce the impediments faced by people with a disability to obtain employment. In particular, consideration should be given to reforming the current situation in which many such people face losing their benefits, in particular their medical card, when they

[55] Note, some individuals will experience more than one disability and feature in more than one of these categories.

take up employment. This situation ignores the additional costs faced by people with a disability in pursuing their day-to-day lives. For many people with disabilities the opportunity to take up employment is denied to them and they are trapped in unemployment, poverty or both.

Some progress was made in Budget 2005 to increase supports intended to help people with disabilities access employment. However, sufficient progress has not been made and recent Budgets have begun to reduce these services. New policies, including that outlined above, need to be adopted if this issue is to be addressed successfully. It is even more relevant today, given the growing employment challenges of the past few years.

Asylum seekers and work

Social Justice Ireland is very disappointed that the government continues to reject any proposal that recognises the right to work for asylum seekers. Along with others, we have consistently advocated that where government fails to meet its own stated objective of processing asylum applications in six months, the right to work should be automatically granted to asylum seekers. Detaining people for an unnecessarily prolonged period in such an excluded state is completely unacceptable. Recognising asylum seekers' right to work would assist in alleviating poverty and social exclusion in one of Ireland's most vulnerable groups.[56]

The need to recognise all work

A major question raised by the current labour-market situation concerns assumptions underpinning culture and policy making in this area. The priority given to paid employment over other forms of work is one such assumption. Most people recognise that a person can be working very hard outside a conventionally accepted "job". Much of the work carried out in the community and in the voluntary sector comes under this heading. So too does much of the work done in the home. *Social Justice Ireland*'s support for the introduction of a basic income system comes, in part, because it believes that all work should be recognised and supported (see chapter 3).

The need to recognise voluntary work has been acknowledged in the Government White Paper, *Supporting Voluntary Activity* (Department of Social, Community and Family Affairs, 2000). The report was prepared to mark the UN International Year of the Volunteer 2001 by Government and representatives of numerous voluntary organisations in Ireland. The report made a series of recommendations to assist in

[56] We examine this issue in further detail in chapter 10.

the future development and recognition of voluntary activity throughout Ireland. A 2005 report presented to the Joint Oireachtas Committee on Arts, Sport, Tourism, Community, Rural and Gaeltacht Affairs also provided an insight into this issue. It established that the cost to the state of replacing the 475,000 volunteers working for charitable organisations would be at least €205 million and could be as high as €485 million per year.

Social Justice Ireland believes that government should recognise in a more formal way all forms of work. We believe that everyone has a right to work, to contribute to his or her own development and that of the community and wider society. We also believe that policy making in this area should not be exclusively focused on job creation. Policy should recognise that w*ork* and a *job* are not always the same thing.

The Work of Carers

The work of Ireland's carers receives minimal recognition despite the essential role their work plays in society. Results from the 2011 Census offer a new insight into the scale of these commitments, which save the state large costs that it would otherwise have to bear.

Census 2011 found that 4.1 per cent of the population aged over 15 provided some care for sick or disabled family members or friends on an unpaid basis. This figure equates to 187,112 people. The dominant caring role played by women was highlighted by the fact that 114,113 (61 per cent) of these care providers were female.[57] When assessed by length of time, the census found that a total of 6,287,510 hours of care were provided by carers each week, representing an average of 33.6 hours of unpaid help and assistance each. Two thirds of this volume of care was provided by female carers (CSO, 2012: 71-77). Using the minimum wage as a simple (an unrealistically low) benchmark to establish the benefit which carers provide each year suggests that Ireland's carers provide care valued at more than €2.8bn per annum.

Social Justice Ireland welcomed the long overdue publication of a *National Carers Strategy* in July 2012 (Department of Health, 2012). The document included a 'roadmap for implementation' involving a suite of actions, and associated timelines and identifies the Government Department responsible for their implementation. However, these actions were confined to those that could be achieved on a cost neutral basis. Three annual progress reports of the strategy have been published to

[57] A CSO QNHS special module on carers (CSO, 2010) and a 2008 ESRI study entitled '*Gender Inequalities in Time Use*' found similar trends (McGinnity and Russell, 2008:36, 70).

date (Department of Health, 2014, 2015, 2016). They point towards some progress on the actions set out, but these are, as a group, limited given the unwillingness of Government to allocate sufficient resources to supporting those in this sector.

Social Justice Ireland believes that further policy reforms should be introduced to reduce the financial and emotional pressures on carers. In particular, these should focus on addressing the poverty experienced by many carers and their families alongside increasing the provision of respite care for carers and for those for whom they care. In this context, the 24 hour responsibilities of carers contrast with the improvements over recent years in employment legislation setting limits on working-hours of people in paid employment.

Key policy priorities on work, unemployment and job creation

- Adopt the following policy positions in responding to the challenges on unemployment arising from the recession:
    - Launch a major investment programme focused on creating employment and prioritise initiatives that strengthen social infrastructure, including a comprehensive school building programme and a much larger social housing programme.
    - Resource the up-skilling of those who are unemployed and at risk of becoming unemployed through integrating training and labour market programmes.
    - Maintain a sufficient number of active labour market programme places available to those who are unemployed.
    - Adopt policies to address the worrying trend of youth unemployment. In particular, these should include education and literacy initiatives as well as retraining schemes.
    - Resource a targeted re-training scheme for those previously unemployed in the construction industry, recognising that this industry is never likely to recover to the level of employment it had prior to 2007.
    - Recognise the scale of the evolving long-term unemployment problem and adopt targeted policies to begin to address this.
    - Ensure that the social welfare system is administered such that there are minimal delays in paying the newly unemployed the social welfare benefits to which they are entitled.
- Funded programmes supporting the community should be expanded to meet the growing pressures arising as a result of the recent economic downturn.

- A new programme should be put in place targeting those who are very long-term unemployed (i.e. 5+ years).
- Policy should seek at all times to ensure that new jobs have reasonable pay rates and adequately resource the labour inspectorate.
- As part of the process of addressing the working poor issue, reform the taxation system to make tax credits refundable.
- Develop employment-friendly income-tax policies which ensure that no unemployment traps exist. Policies should ease the transition from unemployment to employment.
- Adopt policies to address the obstacles facing women when they return to the labour force. These should focus on care initiatives, employment flexibility and the provision of information and training.
- Reduce the impediments faced by people with a disability in achieving employment. In particular, address the current situation in which many face losing their benefits when they take up employment.
- Recognise the right to work of all asylum seekers whose application for asylum is at least six months old and who are not entitled to take up employment.
- Recognise that the term "work" is not synonymous with the concept of "paid employment". Everybody has a right to work, i.e. to contribute to his or her own development and that of the community and the wider society. This, however, should not be confined to job creation. *Work* and a *job* are not the same thing.
- Request the CSO to conduct an annual survey to discover the value of all unpaid work in the country (including community and voluntary work and work in the home). Publish the results of this survey as soon as they become available.
- Give greater recognition to the work carried out by carers in Ireland and introduce policy reforms to reduce the financial and emotional pressures on carers. In particular, these should focus on addressing the poverty experienced by many carers and their families as well as on increasing the provision of respite opportunities to carers and to those for whom they care.

6.

HOUSING AND ACCOMMODATION

CORE POLICY OBJECTIVE: HOUSING & ACCOMMODATION

To ensure that adequate and appropriate accommodation is available for all people and to develop an equitable system for allocating resources within the housing sector.

If housing and accommodation are to meet the core objective set out here in the years ahead, *Social Justice Ireland* believes that Government must:

- Put off-balance sheet financing structures in place to generate sufficient capital to finance the supply of new social housing needed to eliminate current waiting lists and also meet the additional demand that will emerge as Ireland's population grows.
- Explore the utilisation of NAMA as a housing agency with the ability to access and distribute appropriate off-balance sheet funding and to take an active role in the direction and support of Approved Housing Bodies in the provision of social housing.
- Commit to ending homelessness immediately and reduce the waiting list for social housing to a maximum of one year by 2021.
- Ensure a sufficient proportion of social housing units are suitable for older people and people with disabilities.
- Ensure that all future housing unit builds should be smart housing units, adaptable to people's needs (e.g. adaptable for people with mobility issues).
- Ensure that future builds will be based on long-term demographic projections and the appropriate services such as transport, schools, primary care centres etc. will be factored into the decision-making process.

Housing Supply and Adequacy

Housing Supply

The Department of the Environment, Community and Local Government put total housing stock at over two million dwellings for the year ending 2014 (Department of the Environment, Community and Local Government, 2015(a)). Table 6.1 shows house completions in the various sectors from 2001 to date. While the rate of private housing completions saw a moderate increase in 2014, local authority and voluntary/non-profit housing remains low, with local authority development likely to reach its lowest point in 14 years in the year ending 2015.

Table 6.1: House Completions, 2001-15

Year	Local Authority Housing	Voluntary / Non Profit Housing	Private Housing	Total
2001	3,622	1,253	47,727	52,602
2002	4,403	1,360	51,932	57,695
2003	4,516	1,617	62,686	68,819
2004	3,539	1,607	71,808	76,954
2005	4,209	1,350	75,398	80,957
2006	3,968	1,240	88,211	93,419
2007	4,986	1,685	71,356	78,027
2008	4,905	1,896	44,923	51,721
2009	3,362	2,011	21,076	26,420
2010	1,328	741	12,533	14,602
2011	486	745	9,295	10,480
2012	363	653	7,472	8,488
2013	293	211	7,797	8,301
2014	158	357	10,501	11,016
2015 up to Q.3	28	218	8,668	8,914

Source: Department of the Environment, Community and Local Government Housing Statistics (2016). Note: Local authority house completions do not include second-hand houses acquired by them. New units acquired under Part V, Planning & Development Acts 2000-2006 for local authority rental purposes are included. Voluntary and co-operative housing consists of housing provided under the capital loan & subsidy and capital assistance schemes.

Individual houses account for the majority of newly constructed dwellings nationwide, while development by Dublin City Council largely consists of apartment construction, accounting for almost half (48 per cent) of all construction in the Dublin City Council area in 2015, and almost two thirds (72 per cent) in 2014.

An analysis by the ESRI (Duffy et al, 2014) found that the number of households in Ireland increased by 12.6 per cent in the intercensal period 2006-11 and, taking into account increased population age and migration factors, projected annual household growth of between 19,000 and 33,300 (2014:16). As is evident from Table 7.1, construction remains far below existing demand, and is certainly ill-equipped to meet any future population growth.

The number of unfinished housing developments currently stands at 668, reduced by almost one third (32 per cent) from 2014 figures. In 2015, 84 developments received a portion of €8.7 million of the Special Resolution Funding Scheme (SRF) established to complete sites which would not otherwise be completed in the usual manner because of financial constraints. Of the 668 unfinished developments, 492 are occupied, with 447 of these having no active construction activity to complete them. A breakdown of the 668 developments indicate that 2013 units are currently complete and vacant (less than half the 2014 figure), with a further 2353 still under construction (Housing Agency, 2015).

Housing Adequacy

In 2014, 18,126 inspections were conducted of 13,913 dwellings by local authorities in accordance with the Housing (Standards for Rented Houses) Regulations 2008 (as amended and updated). Of these, the standard of 7387 dwellings did not meet requirements, with 2416 notices being served on landlords to improve the standard of the dwelling, and legal action initiated in 40 cases. Inspections are not consistently carried out across local authorities, with some taking a pro-active approach, devising strategic plans and implementing target inspection quotas, while others respond to RAS requests for inspections only (LGMA, 2014:92).

Of the households currently on the housing list; 23 per cent (20,349) are living in unsuitable accommodation due to a particular household circumstance; 11 per cent (9587) have a reasonable requirement for separate accommodation; three per cent (2808) are living in an institution, emergency accommodation or hostel; and three per cent (2896) are living in overcrowded accommodation (Housing Agency, 2013). The total overcrowding rate in Ireland in 2012 was reported as 3.4 per cent, which increases to 7.1 per cent when considering those below 60 per cent of the median income, compared to 2.8 per cent for those above this threshold (Eurostat, 2014). General household satisfaction rates were recorded in the SILC Housing Module 2007 (CSO, 2009). 17 per cent of respondents to the survey reported dissatisfaction with their accommodation, with the highest dissatisfaction rates among those in the lowest income quintile, those renting below the market rate and those in the Border, Midlands and West regions. In all cases where dissatisfaction, inadequate facilities or inadequate local utilities were reported, households had a below average annual income and had above average at risk of poverty and consistent poverty rates. One third of households reported inadequate facilities; the most prevalent being a shortage of space (reported by 18 per cent). Shortage of space was a particular issue for those renting at market rate (31 per cent) and those living in apartments (44 per cent), this is particularly an issue considering the direction that housing construction has taken.

Inadequate living standards have been linked to ill health, with cardiovascular and respiratory illnesses attributable to poor thermal efficiency in households being a particular concern in Ireland (WHO, 2011). With almost half a million rented properties in the State (CSO, 2012(a)) the rate of inspection, and inability of some local authorities to properly comply with a statutory obligation to inspect, is a grossly inadequate response.

It is clear that those on low income experience a disproportionate amount of inadequate housing difficulties. This is further supported by Threshold's Annual Report 2014 (Threshold, 2015) wherein it was reported that 1836 cases dealt with by the organisation involved substandard accommodation. They again call for a certification system for rental properties, an 'NCT for housing', which would place the onus on the landlord to prove that their accommodation was fit for habitation. In contrast, the subsidiary report of the Independent Assessment Panel included in the Service Indicators in Local Authorities recommended a more pro-active approach by local authorities to private rental inspections. *Social Justice Ireland* believes that this should be done by following the example of those local authorities who currently exercise best practice in this regard, and through the establishing of a common set of standards applicable to all local authorities in the carrying out of this statutory function (LGMA, 2014:92).

Housing Tenure

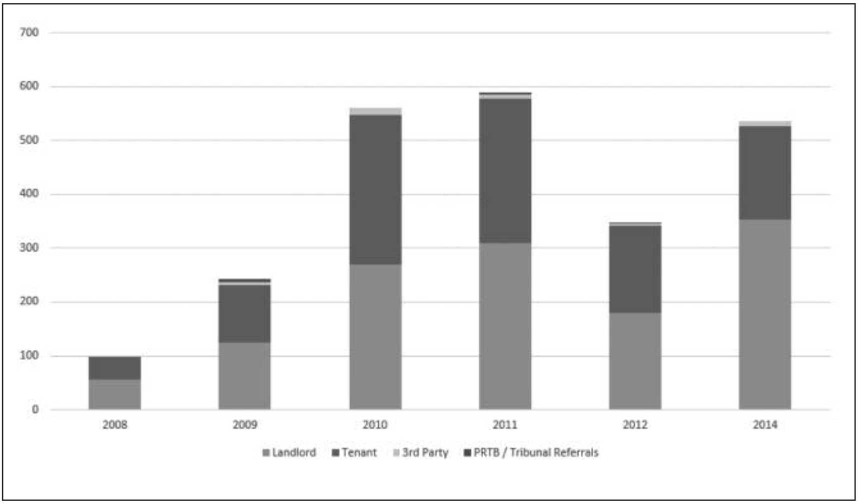
Since the introduction of the Housing Act 1966, there was a significant shift towards home ownership in Ireland (Norris, 2013). Figures from Census 2011 (CSO, 2012(a)) indicate that while the majority of properties were owner occupied, the growth rate of owner occupancy is in decline at 5.3 per cent, compared to the rapid growth in the rental sector (47 per cent) in the period 2006-11. The overall rate of home ownership decreased by five per cent to 69.7 per cent in that time. In its report on housing tenure, NESC (2014(a)) attributed the changing tenure pattern to changes in Irish society and the economy (2014(a):9), with the acceleration in rent growth rates between the 1990s and 2002 linked with a larger workforce, dual and increased incomes, greater access to credit, and Government schemes which increased the supply of rental units facilitating greater choice for those who did not wish to buy. The rapid expansion and contraction in the housing market from 2006-11 mirrored that in the economy as a whole, and owner occupancy rates fell as rents plummeted and access to credit reduced along with job security and the introduction of the Private Residential Tenancies Act 2004. Age was a relevant factor in this study, with those under 24 most likely to rent, those between 35 and 44 most likely to have a mortgage, and those over 55 most likely to own a home. In terms of current and future tenure patterns, it is interesting to note that the number of over-65s who own has been increasing since 1991, while the ownership of those between 35 and 44 is in decline. Rental rates for all age groups in increasing (2014(a):13, Fig.2.1). The rates of home ownership among those between the ages of 35 and 44 in unskilled / semi-skilled employment was 49 and 63.8 per cent respectively in 2011, down from a high of 65.5 and 77.1 per cent in 2002. This demographic is more likely to be renting privately or in social housing, which is significant in the context of an aging population and rising costs to the State. It should also have a bearing on any proposal under Construction 2020 to provide specific accommodation for older people.

Rented Accommodation

Private Rented Accommodation
Demand for adequate rental accommodation continues, particularly as Government policy has sought solutions to the housing crisis from within this sector. With increased demand and a shortage of supply, rent prices are rising, particularly in urban areas. The most recent Daft.ie Rent Report (Daft, 2016(a)) called for a focus not just on price, but on quantity of rental property available. Recent demand, particularly among younger people, is for property in urban centres where jobs are more likely to be created and sustained, rather than in towns. This has created a wide disparity of rent prices nationwide, with Dublin continuing to demand the highest rents notwithstanding a relatively slower rate of increase than other counties.

Regulation of the private rental market has consisted wholly of the Residential Tenancies Act 2004, which established the PRTB (Private Residential Tenancies Board), and provided some security of tenure for tenants who had been in situ for 6 months or more by introducing statutory notice periods for the determination of a tenancy, providing an exhaustive list of grounds on which a tenancy could be terminated by the landlord, requiring compulsory registration of all tenancies, and providing a mechanism for disputes (Oireachtas, 2004). According to a NESC report (NESC, 2014(b)), 281,000 tenancies were registered in 2013 which, based on Census 2011 data, indicates a gap of approximately 12 per cent in the actual number of tenancies, although allowances must be made for tenancies which are exempt from registration, such as landlord occupied rent-a-room schemes. The number of enforcement requests referred to the PRTB between 2008 and 2010 rose by 550 per cent, reaching a high of 589 in 2011. There was a temporary decrease in 2012, increasing again in 2014 (see Chart 6.1).

Chart 6.1: Enforcement Requests, PRTB, 2008-14



Source: Extracted from PRTB Annual Reports 2008-14, www.prtb.ie
Note: No Annual Report was published for 2013.

Landlords continue to make most enforcement requests, accounting for two thirds of the total in 2014. The majority (74 per cent) of landlord enforcement requests involve rent arrears, with overholding also continuing to be an issue, while tenant requests involve deposit retention, unlawful termination and breach of obligations by the landlord. Interestingly, while accommodation adequacy presents in 7 per cent of disputes referred to the PRTB, it does not appear to result in a statistically relevant proportion of enforcement requests (PRTB, 2015).

In December 2015, the Government passed the Residential Tenancies (Amendment) Act, 2015 in an attempt to curb the rate of rent increases. The Act is being commenced in stages and currently restricts landlords' ability to conduct rent reviews to once in every two years, increases the notice period for rent increases from 28 to 90 days and increases the notice period for terminations of tenancies which have been in for effect between 4 and 8 years. Those provisions which expand the Act's remit to Approved Housing Bodies (AHBs) and facilitate easier access to dispute resolution through the District Court system, rather than the Circuit Court, have yet to be commenced. The Act also contains provisions, to be commenced through the Finance Act, to incentivise landlords to accept tenants in receipt of social welfare supports by way of mortgage interest relief.

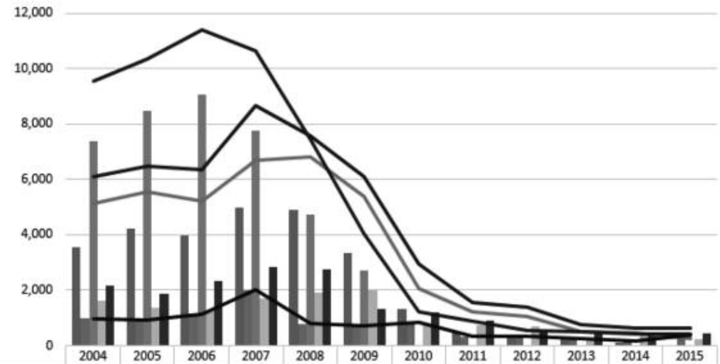
In its most recent report on the rental sector in Ireland, NESC proposed a dual strategy aimed at increasing tenant security while also creating supply side supports to increase the supply of rental stock (NESC, 2015(a)). This report proposes pathways to the provision of affordable secure rental housing, namely; ensuring secure occupancy through increased regulation and restriction of the landlord's ability to terminate tenancies; increasing the supply of permanent rental stock through subsidies such as tax incentives, low-cost loans, loan guarantees and access to State land on favourable terms; a more active State role in driving housing supply; delivery of the commitments made under the Social Housing Strategy; and acquisition of leveraged buy to let properties for social housing purposes. (This is a proposal that has been reported as rejected by the Banking and Payments Federation of Ireland in the Progress Report for Q.4 2015 on the Implementation Plan on the State's Response to Homelessness).

The issue of State-driven supply was explored in a further NESC report (NESC, 2015(b)) which proposed three actions necessary for achieving affordable, sustainable and inclusive housing supply. The first of these actions requires the State to optimise its available resources, such as the experience and capabilities within NAMA, an inter-organisational action plan for generating mixed income developments and thereby promoting inclusion of all income demographics, and the introduction of a price ceiling for development land based on the market value into the future. The second action requires an interrogation of the cost issues involved in the development and supply of housing, reviewing the current costing structures and utilising new and more efficient materials and technologies. This should be done in conjunction with better management practices to drive costs down, with a consequent focus on retraining within the construction sector, thereby securing not only more sustainable, affordable and inclusive housing, but an improved skill based among Irish construction workers. And the third action point requires taking a collaborative, institutional approach to housing management by utilising and combining resources of all stakeholders to provide a coherent strategic approach. The report concludes with the commentary that an inclusive approach confined to one policy area will not be sufficient and that an institutionalised collaboration that holds policy makers accountable is required to provide a 'recursive model' for future development.

Social Housing

According to the Department of the Environment, Social Housing output has been in decline since 2007/2008, reaching its lowest rate in 2015 (Chart 6.2).

Chart 6.2: Social Housing Output 2004 to 2015



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
LA Completions **	3,539	4,209	3,968	4,986	4,905	3,362	1328	494	363	293	102	28
LA Acquisitions *	971	918	1,153	2,002	787	727	850	325	351	253	183	399
LA In Progress	7,389	8,482	9,052	7,768	4,727	2,709						
V&C Completions **	1,607	1,350	1,240	1,685	1,896	2,011	753	745	677	211	357	218
V&C In Progress	2,178	1,885	2,330	2,852	2,738	1,318	1220	890	570	503	442	432
Total Completions	5,146	5,559	5,208	6,671	6,801	5,373	2,081	1,239	1,040	504	459	246
Total Acquisitions	971	918	1,153	2,002	787	727	850	325	351	253	183	399
Total Delivered	6,117	6,477	6,361	8,673	7,588	6,100	2,931	1,564	1,391	757	642	645
Total In Progress	9,567	10,367	11,382	10,620	7,465	4,027	1,220	890	570	503	442	432

Source: Extracted from Department of the Environment, Community and Local Government, Housing Statistics, Overall Social Housing Statistics 2004 to 2015
**acquisitions by local authorities of second hand houses*
***includes units acquired under Part V, Planning and Development Acts 2000-2008 for rental purposes*
V&C (Voluntary and Cooperative) housing consists of housing provided under the capital loan and subsidy and capital assistance schemes.

The Government published two major initiatives in 2014; Construction 2020 (Government of Ireland, 2014) and Social Housing Strategy 2020 (Department of the Environment, Community and Local Government, 2014). These two policies aimed to overhaul the construction and social housing sectors, creating greater transparency and accountability in decision making and delivering a maximum of 110,000 social housing units by 2020.

The Social Housing Strategy committed to providing 35,000 new social housing units by 2020, in addition to sourcing a further 75,000 from the private rented sector. According to the Social Housing Statement 2015 (Department of Environment, Community and Local Government, 2016), 1450 units were delivered from the Current Expenditure Programme with a further 1823 sourced by way of the Rental Accommodation Scheme and 5680 by way of the HAP payment. These figures are far below the yearly averages required to deliver on the number promised under the Social Housing Strategy.

As at 31 December 2014 there were 135,644 local authority units rented to tenants. A new tenant purchase scheme was introduced in 2015 with the aim of allowing local authority tenants to purchase their home at a discount of between 40 and 60 per cent, which will then be registered as a charge in favour of the local authority. The charge itself will then decrease incrementally by 2 per cent each year, allowing the tenant to own the property outright. For those who meet the criteria and can sustain the necessary repayments, this scheme provides long-term security and succession which is not available currently to family members under existing tenancy arrangements. However it must be coupled with increased social housing construction so as not to decrease provision further. In addition, and in light of the increased local authority mortgage arrears discussed further in this chapter, prudential lending criteria must underpin each approval.

With the exception of private rental tenants in receipt of Rent Allowance, social housing rents tend to be below the private market rate. According to Census 2011, the average cost of renting from the local authority in 2011 was €59 per week (CSO, 2012(a)), although this figure was reported by the Department of the Environment, Community and Local Government as €50.26 (Department of the Environment, Community and Local Government, 2014). Total rental income for 2013 (the last year for which data is available) was almost €343 million (Department of the Environment, Community and Local Government, 2015). With 135,644 housing units let in the same period, this amounts to €2,528.68 per unit for the year. This is not enough for the management and maintenance of these units, particularly the older units and those with a high tenant turnover, resulting in units being left vacant for extended periods of time. A concern about the availability of funding to meet repairs and maintenance was expressed in the most recent Service Indicators for Local Authorities (LGMA, 2014:85). Furthermore, local authority tenants tend to be the poorest and most marginalised and are unlikely to be in a position to absorb a rent increase. In fact, rent arrears at year end 2014 were in excess of €65.6 million, an increase of 10.5 per cent on the previous year. This problem is further compounded by the use of differential rents throughout the local authority areas which are not only based on the tenants ability to pay, but on where the property is situated, meaning a family in Dublin could be paying a higher differential rent than a family in a rural location in similar circumstances for a similar property.

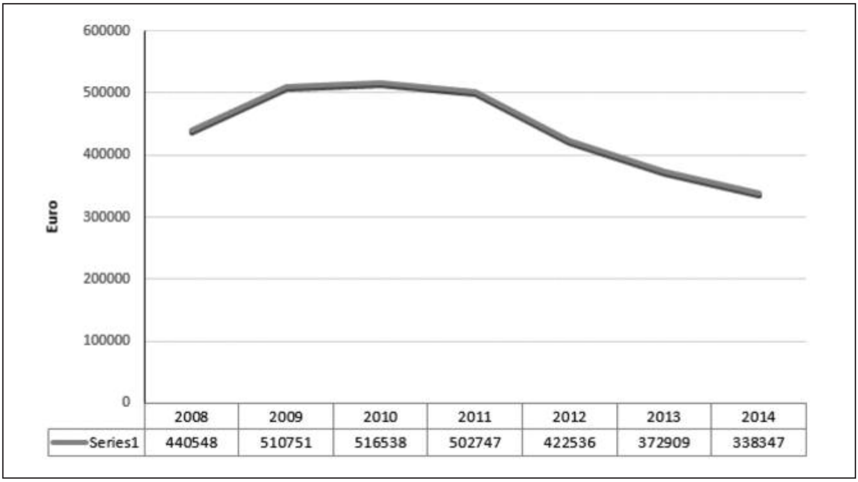
Part V of the Planning Acts 2000 provides that planning permissions granted to property developers for large scale developments (that is, over four properties or in excess of 0.2 hectares) would include special conditions for the transfer to the local authority of up to 20 per cent of the development lands for the provision of social and affordable housing at 'existing use value', that is, the value of the greenfield site without planning permission. The aim of the legislation was to increase the stock of social and affordable housing and ensure a societal mix within larger developments. An alternative to the transfer of lands, should the development be unsuitable for social housing, was the payment by the developer to the local authority of an amount equivalent to the value of the lands that would have been transferred. From 2002-11, 15,114 units were delivered through Part V, with only 38 per cent of this being allocated as social housing and local authorities received financial contributions of €122.4 million (NESC, 2014(b):11). With a decline in construction and reduced capital for social housing, it is not surprising that Part V would become of little value to the sector in recent years. One of the options put forward in the review of Part V (DKM et al, 2012) was to remove it from the legislation. While these options are still under consideration by stakeholders, Construction 2020 cites Part V as 'having the potential to again be a significant contributor to social housing in the context of a recovering housing market' (Government of Ireland, 2014:15). NESC also questions the wisdom of reducing Part V obligations, citing it as one of the 'few mechanisms available...which might increase the stock of social housing owned by local authorities and/or housing associations' (NESC, 2014(b):13) and views a reduction of Part V as a conduit for reducing local authority housing supply.

In July 2015, the Urban Regeneration and Housing Act 2015 was passed. It amended Part V to remove the 'affordable' element and require a 10% social housing requirement. Developers may also, under the new Act, fulfil this requirement on the site to which the planning permission refers or on other land through long-term leasing. The amendments are also available retrospectively in respect of existing planning permissions where development has not yet commenced, provided all parties agree, the agreements are lodged prior to the commencement notice being lodged, and the agreement complies with the statutory requirements of the Act.

The private rented sector is currently providing a large proportion (79,788 units) of social housing (NESC, 2014(b):8). These households are supported through Rent Allowance payments and while the number of households renting has increased in recent years, Rent Allowance expenditure has been in decline since 2010 (Chart 6.3). The increase in rent and insecurity of tenure is likely to have the most detrimental effect on this cohort of renters.

Another supplementary payment, the Housing Assistance Payment (HAP), was piloted in 2014 and rolled out across all local authorities in 2015. This scheme, administered through the local authorities, replaces Rent Allowance for those with a long-term housing need. In response to an information request in November 2015, the Minister for Environment, Community and Local Government confirmed that over 4500 households were in receipt of HAP across 15 local authority areas (Oireachtas, 2015). HAP rates stand equivalent to Rent Allowance in most local authorities, with the exception of Cork, Galway, Kildare and Meath which have been increased to match those available in Dublin. In support of the HAP Homeless Pilot, the Dublin local authorities have discretion to increase HAP assistance by 50% in order to source suitable accommodation for homeless households. Budget 2016 allocated €47.7 million to HAP. As HAP applicants are predominantly those currently in receipt of long-term Rent Allowance, while the discretion afforded to local authorities to increase the amounts available is welcome, the real benefits of HAP remain to be seen.

Chart 6.3: Rent Allowance, 2008-14



Source: Extracted from Annual SWS Statistical Reports 2008-14, Department of Social Protection, www.welfare.ie

In June 2015, Focus Ireland published research into preventing homelessness by helping families to stay in their homes or to find alternative accommodation (Focus Ireland, 2015(a)). This involved a study of 52 of the 71 families who had been allocated to them in April 2015. It found that almost two thirds (62 per cent) of these families had been previously living in private rented accommodation, with over three quarters of those (78 per cent) in receipt of Rent Supplement. Of those in receipt of Rent Supplement, the majority reported issues with this payment as the most prevalent problem. A further issue was the rationale for the landlord serving a Notice of Termination on the tenant. While in most cases these were valid, they were often preceded by a dispute about rent payments. The interviewees further reported difficulties in sourcing private rented accommodation and insufficient Rent Supplement levels as the main barriers to rapid rehousing. The sample used by Focus Ireland is small and the report acknowledges that it is based on the perception of service users without recourse to any of the services with which they engaged. However it further supports the position that Rent Supplement is an inadequate response to the housing crisis.

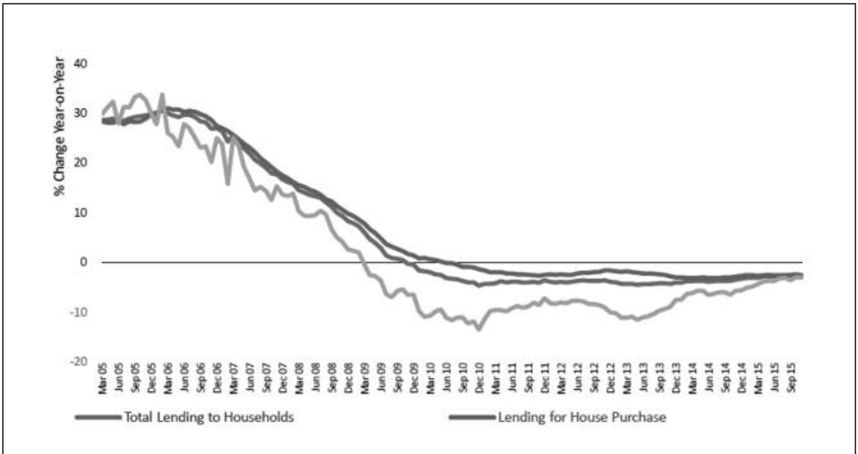
An amendment to the Equal Status Acts 2005-2015 under the Equality (Miscellaneous Provisions) Act 2015 has seen “housing assistance” added as a discrimination ground with effect from January 2016. This means that landlords can no longer openly discriminate against future tenants who are in receipt of State supports, for example by way of notices advising that such supports will not be accepted or by terminating a tenancy on such grounds. Complaints made pursuant to the Equal Status Acts are heard by the Workplace Relations Commission (WRC). However, the efficacy of this legislation has already been called into question by the Director General of the WRC who, in February 2016, reported concerns about the lack of resources required to properly deal with cases of this nature and questioned if the WRC were the appropriate body to do so, suggesting that such complaints should properly be made to the PRTB who will continue to deal with landlord and tenant disputes.

Owned with Mortgage
Census 2011 recorded an owner occupier rate of 69.7 per cent. Of this, just over half had a loan or mortgage on the property (CSO, 2012(a):12). Since the well-documented boom and bust, lending to Irish resident households for house purchase went into decline, before coming to a plateau in 2014-15 (Chart 6.4). This may be explained, in part at least, by the introduction by the Central Bank of rules restricting loans for more than 80 per cent LTV to 15 per cent or less of the total housing loan book and loans with a Loan to Income (LTI) ratio of 3.5 times to 20 per cent or less. First time buyers are required to have a deposit of at least 10% of the market value of the property where that value is €220,000 or less, or where the market value is greater than €220,000, an amount as calculated in accordance with the Schedule of the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Housing Loan Requirements) Regulations 2015. For purchasers who are not first time buyers, the deposit requirement is 20% of the market value. A report, published by the Central Bank (Kelly et al, 2015) and examining the effect of macroprudential policies such as those introduced by the Central Bank on house prices, established a relationship between credit availability and house prices. It also, upon applying those macroprudential policies to credit advanced between 2003 and 2010, concluded that there was a role for macroprudential policies in moderating a rising housing market.

The findings of this report, which was based retrospectively on historical financial data, have borne out since the introduction of the Central Bank's macroprudential policies in 2015. The rate of house price inflation has slowed down, particularly in Dublin where inflation rates fell from a peak of 24.5% in 2014 to 2.7% as at Q.4 2015.

The rate for the rest of the country fell from over 20% in 2015 to 7.6% by year end (Daft, 2016). The number of available properties is also in decline, from 60,000 in 2009 to just 25,000 for the year end 2015; the lowest number since 2006. Reduced availability of sale properties, coupled with a reduction in construction activity, places an undue burden on the rental sector to provide for an increasing population seeking accommodation in Ireland; a burden which few on low incomes can afford to undertake considering the increased rents and declining Rent Supplement payments.

Chart 6.4: Lending to Irish Resident Households



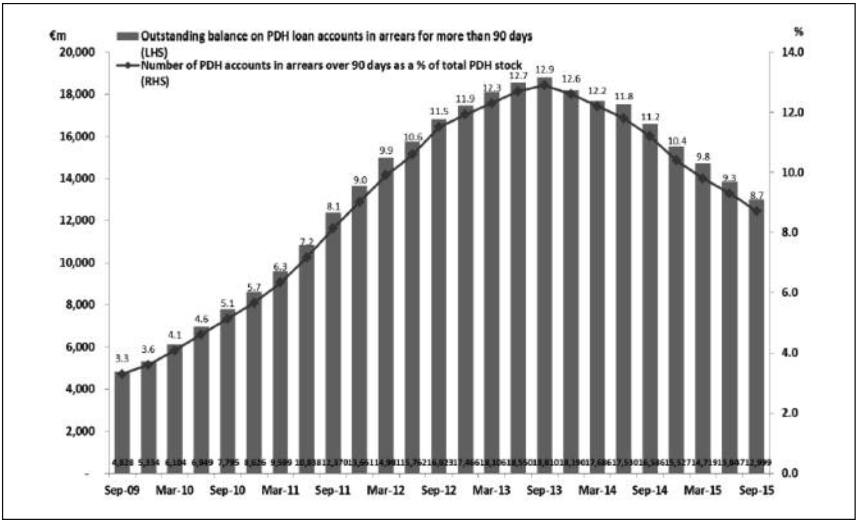
Source: Financial Statistics Summary Chart Pack, Central Bank of Ireland, www.centralbank.ie (Central Bank (2016)

Mortgage Arrears

Mortgage arrears increased steadily since September 2009, peaking in Q.3 2013 before gradually declining quarter on quarter to 8.7% per cent in Q.3 2015 (Central Bank, 2015) (Chart 6.5).

Long-term mortgage arrears – those over two years – remain problematic, declining by only 2 per cent in Q.3 2015, the first quarter showing a decline in this category. The Central Bank published two pieces of research on the households in long-term mortgage arrears (Kelly and McCann, 2015(a) and Kelly and McCann, 2015(b)) which found that not only was affordability a factor in whether a household would experience long-term mortgage arrears, but the impact of a shock to that affordability was a greater indicator of the likelihood of long-term mortgage arrears occurring. When considered with a household's non-mortgage borrowing and personal circumstances (such as unemployment, marital status, children and so on), this provided a clearer picture of those households most likely to experience long-term mortgage arrears from which policy makers could draw when devising mortgage and housing policies generally.

Chart 6.5: Mortgage Arrears 2009-15



Source: Residential Mortgage Arrears and Repossession Statistics: Q.3 2015, Central Bank of Ireland, www.centralbank.ie

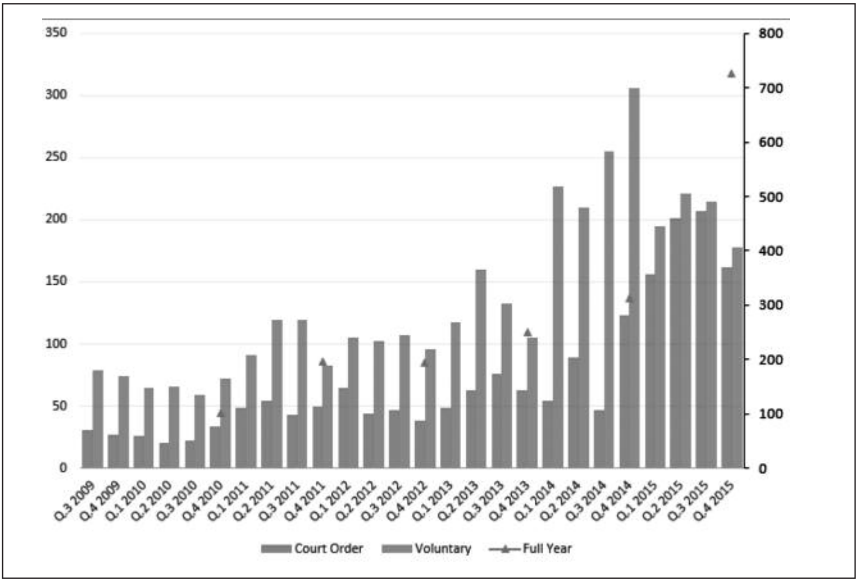
The main policy measures introduced by the Central Bank to deal with mortgage arrears were the Code of Conduct on Mortgage Arrears (CCMA) and the Mortgage Arrears Resolution Targets (MARTs). The most recent revision of the CCMA, published in 2013, provides communications provisions for lenders, limited protection of tracker mortgages, a narrow definition of 'not co-operating' and a moratorium on legal action of eight months from the date the arrears first arose or two months from the date the borrower was deemed by the lender to be 'not co-operating'. In June 2015, the Central Bank published the findings of its themed inspections into lenders' compliance with the CCMA. The general industry letter issued to all lenders under the CCMA identified varying degrees of compliance, with some lenders going beyond the minimum requirements to support distressed borrowers, while other requirements were not being reached (Central Bank, 2015(b)). Where measures were required to be taken to address deficiencies in lender practices, such as not meeting specified timelines; undue delays in assessing cases; weaknesses in communications; making calls to borrowers directly, despite a third party being engaged by those borrowers; and lack of evidence demonstrating lenders' compliance with the CCMA, these deficiencies were required to be addressed by 30 November 2015. No information is available following this inspection.

Mortgage Arrears Resolution Targets (MART)
In March 2013, the Central Bank published its MART for the six main mortgage lenders[58] in Ireland. This document set 'common public targets' aimed at resolving arrears cases which were 90 days or more overdue. The resolutions offered take the form of 'sustainable solutions' offered by lenders to distressed borrowers, and acknowledges that, in some cases, this may mean repossession of the principal dwelling house. In addition to the public targets, each institution also had specific quarterly targets to 'manage operational milestones at granular level', primarily monitoring early arrears cases as well as the operational effectiveness of the lender. The definition of a sustainable solution is with reference to the CCMA, which leaves to the lender's own Arrears Support Unit the task of assessing a borrower's circumstances and making a proposal, and includes repossession of a family home. As the options provided by each lender differ in their composition, a mortgage which may be considered sustainable by one lender may be unsustainable to another. While the Central Bank reserves the right to impose sanctions on lenders for non-compliance with the MART, having tested only a sample of the solutions provided, the solutions themselves are at the individual discretion of the lender who then reports its compliance to the Central Bank. At a time when the rate of accounts in long-term arrears remained static, those lenders subject to MART reported a small decline in this category as at 31 May 2015 (Central Bank, 2015(c)). In 2014, there was nearly 70,000 concluded solutions under MART. However data is not available on the type or sustainability of those arrangements distinct from the overall mortgage arrears cases.

Repossessions
The rate of repossession, particularly on foot of a court order, continues to rise since the introduction of the MARTs in 2013 (Chart 6.6). In fact, forced repossessions in 2015 rose by just over 130 per cent compared to the previous year. The rate of voluntary surrenders / abandonments to court ordered repossessions was highest in Q.4 2014 at 5:1, falling to 1:1 with the increase in court ordered repossessions in 2015.

[58] ACC Bank plc, Allied Irish Bank plc (including AIB Mortgage Bank, EBS Limited and EBS Mortgage Finance), The Governor and Company of the Bank of Ireland (including Bank of Ireland Mortgage Bank and ICS Building Society), KBC Bank Ireland plc, Permanent Tsb plc and Ulster Bank Ireland Limited

Chart 6.6: Repossession Statistics, Voluntary and Court Ordered, 2009-15*



Source: Extracted from Mortgage Arrears and Repossession Statistics, 2009-15, Central Bank, www.centralbank.ie
*Full Year trendline represents Court Ordered repossessions only

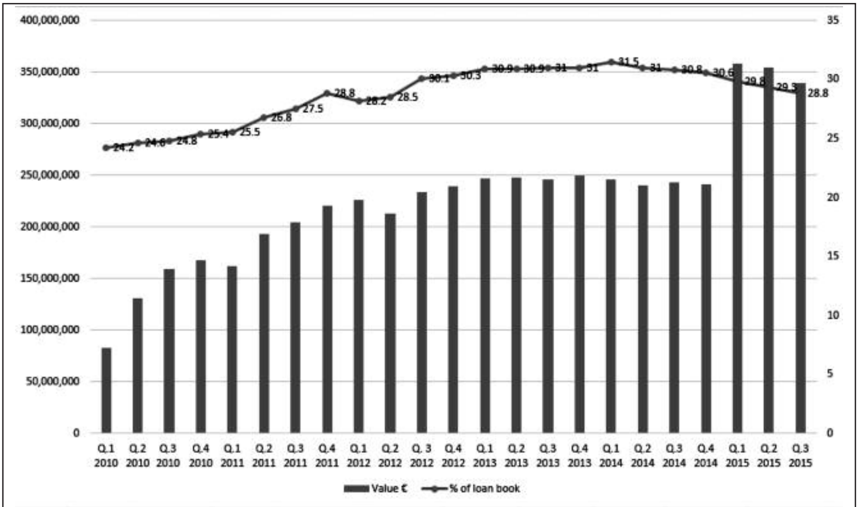
This increase in repossessions has an obvious knock-on effect on social housing provision, with borrowers whose mortgages have been deemed 'unsustainable' by their lenders entitled, under the Social Housing Assessment (Amendment) (No.2) Regulations 2011, to be included on the social housing list. The most recent figures indicate that 154 households were placed on the housing list due to having an unsustainable mortgage (Housing Agency, 2013). With the continued rise in repossessions throughout 2015 it is likely that this number has increased.

Two new Government initiatives were announced in 2015 to support those in long-term mortgage arrears; a dedicated mortgage advisory service for those whose mortgage has been deemed unsustainable or has exhausted the MARP process, and a court mentor programme providing advice and support to those borrowers whose mortgage is already in the legal process. These schemes are operated through the Money Advice and Budgeting Service (MABS) in conjunction with the Citizens Information Board and Insolvency Service of Ireland since Q.3 2015, and details of throughputs and outcomes are yet to be made available.

Local Authority Mortgages
Following a similar pattern to Central Bank regulated mortgages, the percentage of local authority mortgages in arrears over 90 days is also in decline, having increased steadily from 2010 (Chart 6.7) (Department of the Environment, Community and Local Government, 2014(b)). Unlike Central Bank regulated mortgages, however, the amount outstanding on these accounts rose sharply in Q.1 2015 and while it declined over the next two quarters, the outstanding amount remains higher than at any time in the previous five years. As these borrowers are more likely to be at risk of poverty and have less disposable income with which to service increasing debt, they are likely to have less options for sustainable accommodation al

In March 2010, the Department of the Environment published the first CCMA for Local Authorities, updated in August 2012. This CCMA placed certain obligations on local authorities to show a willingness to work with borrowers to address their arrears situation, taking account of individual circumstances and affording greater support to the most disadvantaged. This willingness to work with distressed borrowers does not appear to have had an effect on the rate of mortgages in long-term arrears and with the increase in the amount of this debt, it is clear that a longitudinal approach to managing debt is required over the term of the loan, involving financial education and money management skills.

Chart 6.7: Local Authority Mortgage Arrears Over 90 Days

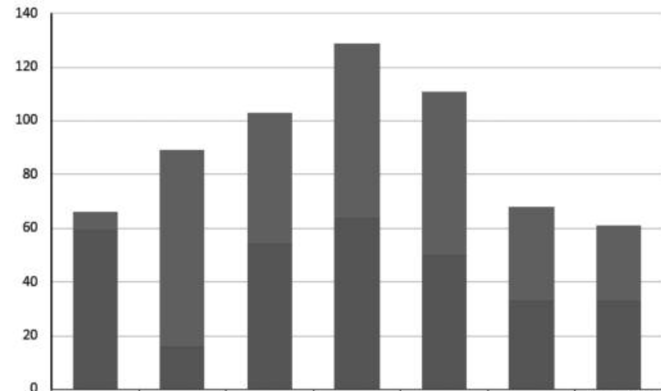


Source: Extracted from Housing Statistics, Housing Loans, Mortgage Data/Arrears in Local Authorities, www.environ.ie

It is further concerning that while the number of repossessions of local authority-mortgaged properties steadied in 2015, the number of forced repossessions at Q.3 2015 equalled those for the year end 2014 (Chart 6.8). As stated previously, these families have limited options available for alternative accommodation and are most likely to become homeless in the absence of any policies to support them.

Social Justice Ireland recommends that greater supports be provided for local authority mortgage holders, particularly in instances where families are at risk of losing their home.

Chart 6.8: Local Authority Repossessions, 2005 to Q.3 2015



	2005-2009	2010	2011	2012	2013	2014	Up to Q.3 2015
Voluntary	7	73	49	65	61	35	28
Forced	59	16	54	64	50	33	33

Source: Extracted from Housing Statistics, Housing Loans, Local Authority Mortgage Repossession Data, www.environ.ie

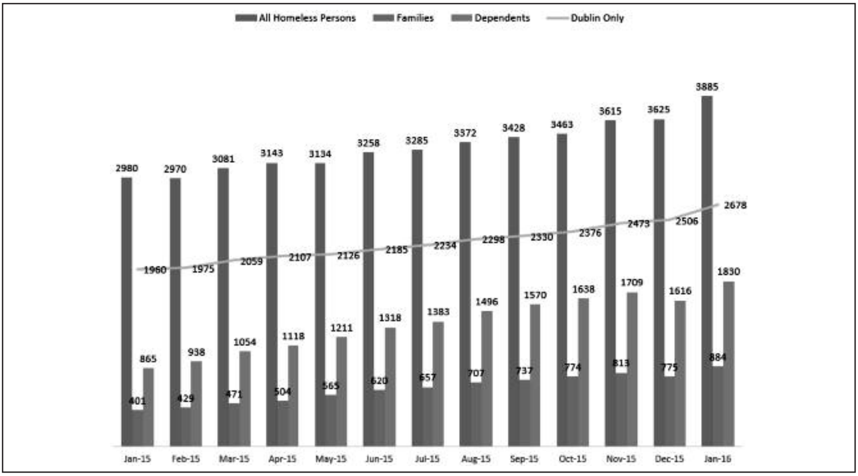
Homelessness

In 2015, an average of 3280 persons accessed emergency homeless accommodation, an increase of almost one third (31.2 per cent) on 2014. November 2015 saw the largest number of families accessing emergency homeless accommodation in that year, a total of 813 families (and 1709 dependents), or an average of 187 families per week that month. In a worrying start to the year, January 2016 saw these figures increase further, with 883 families accessing emergency homeless accommodation that month. Dublin continues to account for almost two thirds of all homeless reported as accessing these services and may be said to have the most urgent need for affordable family accommodation (Chart 6.9). The most prevalent accommodation type nationally is 'Supported Temporary Accommodation' (STA) - hostel accommodation with onsite supports from NGOs such as Focus Ireland, Simon Community Crosscare and others, followed by 'Private Emergency Accommodation' (PEA) - accommodation rented directly from landlords, B&Bs and hotels. When taking Dublin on its own the reverse is true, with slightly more people accessing PEAs than STAs. This could be explained with reference to the breakdown of families accessing services in the Dublin region included in the December tables. An average of 350 families per month resided in commercial hotels during 2015, more than double that of the previous year, with an average of 62 families presenting as homeless in Dublin each month, increased from 33 in 2014. (Department of the Environment, Community and Local Government, 2015(c)).

Focus Ireland published an analysis of children and families accessing emergency homeless accommodation at October 2015. Two thirds (n=199) of families were headed by a single parent, with the majority (n=195) of these parents being a woman. Of the 630 children whose age was discernible from the October 2015 data, over one third (n=244) were four years old or younger. A further 272 (43 per cent) were aged between 5 and 12, or the age at which children attend primary education. 244 of the 630 children did not have educational status recorded for them at initial assessment stage, however 41.7 per cent of the children were listed as attending primary school, which indicates that almost all of the children aged five to twelve are in school. This figure reduces to 12.1 per cent for post-primary school. Given the numbers of children attending school, and the widely accepted inverse correlation between education and risk of poverty, if these children are to have a chance to break the cycle of poverty and homelessness, it is imperative that they are accommodated in areas with good school links. The report found that the majority of children stayed enrolled in the school they were attending prior to becoming homeless even though this could mean travelling up to two and a half hours. The report detailed the five areas from which most families came to emergency homeless accommodation. All were in Dublin, with two areas in particular (Dublin 15 and Dublin 11) accounting for over two-thirds (67.4 per cent) of the total number of families presenting. The report also indicated that larger families are more likely to reside in emergency homeless accommodation for longer, due to the difficulty in finding suitable long-term accommodation for this family type, meaning that families with five or six children remain in hostels, hotels and so on for an extended period of time.

With the latest social housing waiting list figures (Housing Agency, 2013) indicating 2499 households awaiting housing due to homelessness, and local authority returns suggesting that this number is rising, Government needs to ensure that construction of social housing is targeted to those areas with the greatest need and that family homes are a priority.

Chart 6.9: Homeless accessing Emergency Accommodation, January 2015 to January 2016



Source: Extracted from Breakdown of Homeless Persons in Emergency Accommodation tables, January 2015 to January 2016, Department of the Environment, Community and Local Government, www.environ.ie

One of the initiatives introduced to move people from emergency accommodation was the construction of 500 modular homes in the Dublin area. However the anticipated delivery of these units has reportedly been delayed due to objections by residents in each of the council areas that the units will become permanent dwellings, and the location of additional social housing in areas where a high concentration already exists.

In addition to those seeking emergency homeless accommodation, a 'Rough Sleeper Count' is conducted in Dublin twice each year, in Spring and Winter, and is based on staff and volunteers of homeless services finding persons who are sleeping rough on a given night.

The Winter 2015 rough sleeper count was carried out on the night of 30th November and found 91 people sleeping rough, a decrease of 46 per cent on the previous year (Dublin Region Homeless Executive, 2015). Of the 91 counted:

- 73 were male, 16 were female and 2 were unknown.
- 13 were aged between 18-30 years, 33 were aged between 31-40 years, 17 were aged 41-50 years, 5 were aged 51-60 years, 4 were aged 60+ and 19 were of unknown age.

On the night of the count, 3766 beds were occupied by adults and children.

The Implementation Plan on the State's Response to Homelessness, May 2014 to December 2016 (Department of the Environment, Community and Local Government, 2014(d)) is now in its final year. This Plan proposed a number of measures aimed at eliminating involuntary long-term homelessness by December 2016. The Progress Report for Q.4 2015 (Department of the Environment, Community and Local Government, 2016) indicated some progress in dealing with the national homelessness crisis, including:

- 2700 void social housing units being returned to use in 2015 (up from 2300 in 2014),
- a review of further vacant properties being undertaken by the Housing Agency,
- implementation of allocations to homeless households to local authorities,
- the establishment of a Dublin Placefinders service which secured over 100 tenancies,
- the establishment of an advice and advocacy centre by the Dublin Regional Housing Executive,
- publication of the Social Housing Strategy,
- an increased allocation for homeless accommodation and related services in 2015, and
- the establishment by Tusla of a Homelessness Liaison Officer to work with homeless families to respond to the welfare and protective needs of those families.

However progress has been limited in other areas such as:

- the national rough sleeper count remaining too costly,
- discussions yet to take place with the Department of Justice and Equality in respect of those rough sleepers who have residency issues,
- mental health training for frontline staff dealing with homeless persons still at discussion stage,
- no regional or national expansion of the Placefinders service,
- no analysis of preventative measures,
- no review of regional action plans or the National Homeless Strategy of 2009, and

- the rejection by the Banking and Payments Federation of Ireland (BPFI) of the best practice guidelines developed by the PRTB in respect of leveraged buy to let properties.

Budget 2016 allocated €70 million for the provision of homeless services. However, it is unlikely that this will fully address all that is outstanding from the Plan.

Social Justice Ireland acknowledges the work conducted pursuant to the plan. However, the reliance on private and corporate enterprise for the provision of social housing, particularly to those who are homeless, is inappropriate and creates an additional barrier to realising the goal of the elimination of involuntary long-term homelessness.

In December 2015, the Department of the Environment, Community and Local Government published the findings of an independent review of homeless services (Mazars, 2015). The report made a series of recommendations including:

- a more comprehensive review of homeless services which would incorporate interviews with service users and other stakeholders;
- a review of Government funding of short-term supports for homeless services which, it states, does not support the Government's objective of ending long-term homelessness by the end of 2016;
- a review of whether Government funding of a large number of service providers is the most efficient use of limited resources;
- consideration of how much duplication exists within the sector; and
- consideration of the development of a common reporting framework from service providers to Government.

It is unclear what, if any, action will be taken on foot of this review. However it is of concern that three of the five recommendations concern some change to funding structures in the interest of efficiency in a report whose first recommendation is to conduct a more comprehensive, stakeholder involved, review of those services in receipt of funding.

Social Justice Ireland believes that the focus should be on increasing resources for homeless services and focusing on preventative measures. An increase in the supply of adequate social housing reserved for those who are homeless or at risk of becoming homeless should be a key priority.

Specific Purpose Accommodation

Persons with Disability

Of the almost 90,000 households on the housing list, 3938 are reported as having a stated disability, with a further 2909 in need of housing due to 'unsuitable accommodation due to exceptional medical or compassionate grounds' (Housing Agency, 2013).

The National Housing Strategy for People with a Disability 2011-2016 (Department of the Environment, Community and Local Government, 2011) was established to 'facilitate access, for people with disabilities, to the appropriate range of housing and related support services, delivered in an integrated and sustainable manner, which promotes equality of opportunity individual choice and independent living' (2011:7) through the achievement of nine strategic aims. The National Implementation Framework for this strategy, published in July 2012 (Department of the Environment, Community and Local Government, 2012) provides a series of key performance indicators (KPIs) for each action required under the strategic aims. Among these are; the promoting of RAS and long-term leasing schemes, the promoting of private rented accommodation and ensuring equitable access to social housing for persons with a disability. The First Report on Implementation: September 2012-December 2013 (Department of the Environment, Community and Local Government, 2014) focused on the enumeration of interagency frameworks before identifying the very significant issues with implementing the strategy, key among them the gathering of reliable data on those ready to transition in 2013, the difficulty with the leasing model for people who wish to share with non-family members, and the lack of a dedicated funding stream to facilitate independent living, notwithstanding the funding allocation for housing for people with a disability.

In March 2015, as part of the Social Housing Strategy 2020, the Minister for Environment, Community and Local Government called for proposals from local authorities and Approved Housing Bodies (AHBs) to provide independent living solutions to people with special housing needs under the Capital Assistance Scheme. No information is available on how many parties submitted proposals or what, if any, funding has been made available in response.

The Housing Adaptation Grant for People with a Disability is available on application to local authorities. The grant covers a maximum of 95 per cent of the cost of the work required, up to a maximum value of €30,000, and is subject to a means test. In January 2014, the eligibility criteria were amended to include the income of all persons in a household for the purpose of means-testing and proof of compliance with property tax, while the maximum income limit on the means test was reduced from €65,000 to €60,000 (that is, no grant is payable where the combined income of the entire household is more than €60,000). Statistics released by the Department of the Environment, Community and Local Government indicate that these grants have been in decline since 2010 when almost €40 million was provided in respect of 4,347 grants. In 2014 this was reduced by more than half with just over €17 million paid in respect of 2185 grants.

The Mobility Aids Grant Scheme is also available to cover works carried out to address mobility needs. This grant is usually provided to older people, but is capable of being accessed by people with a disability. The maximum grant is €6000 (to cover 100 per cent of the work) and is subject to a means test; the maximum household income not exceeding €30,000. The average waiting time for the receipt of grants varies between local authorities. According to the 2013 Service Indicators Report (LGMA, 2014), the range of averages was between 1 week in Dublin City Council and 69 weeks in Offaly County Council. There is similar disparity in the processing of the Mobility Aids Grant, ranging from 3 weeks in each of Kildare, Louth and Wexford County Councils and 47 weeks in Kilkenny County Council. The rate of decline of this grant has not been as dramatic as with the Housing Adaptation Grant, from a peak of just over €6 million in 2012 in respect of 2,066 grants, to €5.5 million in 2014 in respect of 1716 grants.

According to Census 2011 (CSO, 2012(b)) 17.9 per cent (106,270) of persons with a disability were living alone, accounting for over a quarter (27.3 per cent) of all persons living alone on Census night. 52.8 per cent of these were over 65 years old. A further 7.6 per cent (44,952) of all persons with a disability lived in communal establishments, with the majority (55 per cent) being older people in nursing homes. The labour force participation rate of persons with a disability was less than half that of the rest of the population (30 per cent and 61.9 per cent respectively). Even when those over 65 years old are removed from the equation, the labour force participation rates remain at least 20 percentage points lower than for the rest of the population. The latest SILC data (CSO, 2015) showed that households where the principal economic status of the head of the household was 'Not at work due to disability' earned the least of all economic groups, behind the unemployed, students and retired persons. The median income of this group for 2013 was €20,989, and while this represents the highest per cent increase on 2012 figures, at 16.2 per cent, it is still less than half the median income of those at work. Persons with a disability also have the second highest deprivation rate at 53.1 per cent, less than two percentage points lower than the unemployed.

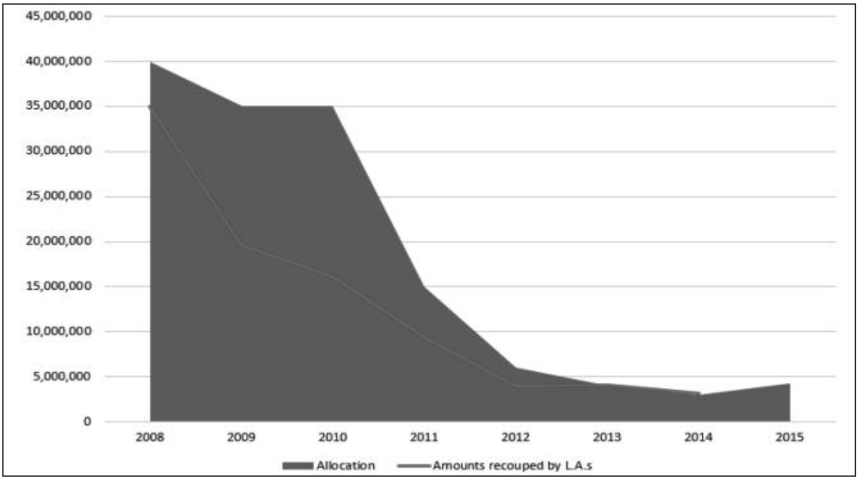
A reduction in the availability of grants for home modifications coupled with low income and a prevalence of poverty means that those with a disability are unlikely to be able to afford adequate accommodation to support independent or assisted living. With no information available on the response to the Department's call for proposals, it is difficult to determine what, if any, substantive progress has been made since the publication of the National Housing Strategy for People with a Disability.

Social Justice Ireland believes that ensuring that people with a disability are able to live independently should be a key policy priority. Providing the resources for this, including suitable housing and housing-related supports, must be one of the foundations of such a policy.

Travellers

The National Traveller Accommodation Consultative Committee (NTACC) and Local Traveller Accommodation Consultative Committees (LTACC) were established pursuant to the Housing (Traveller Accommodation) Act 1998. A review of LTACCs conducted in 2010 (ITM, 2011) found that engagement varied among local authorities, with 55 per cent holding the requisite number of meetings and the remaining holding less than required or none at all due to being inquorate. Even where meetings were being held, the report noted that members were often only present nominally, leaving early and/or not engaging in debate. Following the deaths of ten Travellers in a fire in a halting site in Carrickmines in October 2015, National and Local Traveller organisations suspended their participation on both the NTACC and LTACCs in November 2015 in favour of a limited, reflective engagement the efficacy of which would be subject to review by member organisations.

Chart 6.10: Capital Allocations to Local Authorities for the provision of Traveller specific accommodation and Amounts Recouped by Local Authorities, 2008 to 2015



Source: Parliamentary Question, Written Answers Thursday 16 July 2015, www.oireachtas.ie

Figures released in a Parliamentary Question of 16th July 2015 (Dáil Debates, 2015) show that capital allocations to local authorities to fund Traveller specific accommodation decreased by over 90 per cent in the years 2008-14 before increasing slightly in 2015. However, even when capital allocations where at their highest, local authorities were not drawing down their full allocations (Chart 6.10). In an interview in October 2015, Minister for State with Responsibility for Housing, Paudie Coffey, stated that local authorities had failed to draw down €282 million allocated for Traveller accommodation in the past decade due, he said, to community opposition and anti-social behaviour.

Concerns in respect of anti-social behaviour was also expressed by local authority and Traveller representatives in a report carried out on behalf of the National Traveller Accommodation Consultative Committee and the Housing Agency (KW Research and Associates, 2014). When asked why Traveller families were leaving Traveller specific accommodation, the most cited response (50 per cent) of local authorities was internal tension between Traveller families. There was also the view that some younger Travellers preferred the private rented sector and moved for that purpose; a view that was not shared by the Traveller representatives interviewed. When asked the same question, Travellers interviewed also cited feuding between families as a reason for the voids in Traveller specific accommodation. However they were also able to provide insight into why this feuding may occur, with some citing a lack of training and supports due to the closure of Senior Traveller Training Centres in 2012 as making it difficult to transition to work and adult life.

The report found, in respect of accommodation types prevalent among the Traveller community, that the use of unauthorised sites fell by 26 per cent from 2010-12, while shared accommodation rose by 34 per cent. As with other household types, there has been a rise in the use of private rented accommodation among Traveller households also, increasing by 15 per cent in this period (2014:7). The use of local authority halting sites also decreased by eight per cent in this period, the largest decrease within the subgroup of local authority accommodation. The research also found that almost one third of local authority Traveller specific accommodation was more than 25 years old, with all sites in need of some refurbishment and 20 per cent (n=27) in need of complete redevelopment. Almost 20 per cent of all Traveller sites are voids, with the highest number of these being in the Basic Service Sites category (32 per cent). The report concludes with a series of recommendations, many of which seek greater intervention by local authorities to tackle identified issues. The experience of Travellers contained in this report further supports the findings of the All-Ireland Traveller Health study (2010), which linked substandard accommodation with a high rate of ill health amongst Traveller communities.

Social Justice Ireland calls on local authority representatives to take seriously their roles on LTACCs in endeavouring to meet the accommodation needs of Travellers in their communities and to make full use of available funding in support of this aim.

Housing Finance

In September 2015, the Government launched its Capital Plan detailing plans for an exchequer spend of €27 billion over six years and a further €15 billion from semi-state investment. Of this €42 billion, around €3 billion has been earmarked for the provision of Social Housing. This is not nearly enough to secure the almost 90,000 units required to provide accommodation for those on the Social Housing Waiting list in 2013 and with the increase in repossessions and homelessness discussed previously, it is reasonable to assume this figure has risen.

Budget 2016 allocated €432 million in capital expenditure for social housing, an increase from €376 million for 2015. Acknowledging the need for further off-balance sheet funding, a new body, the Social Housing Investment Proposals Clearing House Group, was established in 2015 to consider proposals from private sector individuals or bodies who wish to invest in Social Housing. This group consists of representatives from the Department of the Environment, Community and Local Government, the Department of Finance, the Department of Public Expenditure and Reform, the Housing Agency and the National Economic and Social Council, and is chaired by a representative of NAMA. The Clearing House Group reviewed 25 proposals received from private investors and reported to Government in November, following which revisions have been made to existing schemes under the Social Housing Current Expenditure Programme to expand the current leasing arrangements of AHBs and local authorities with a view to introducing larger property investment into the area, and an affordable rental pilot scheme was introduced with Budget 2016 attracting a total spend of €10 million. The affordable rental pilot scheme involves subsidising the housing provider to provide dedicated rental accommodation which would then be provided to tenants at 70% of market rent. Tenants would be expected to provide most of the rent themselves with an additional payment from the State meeting any shortfall. These schemes were reviewed by the National Development Finance Agency and reportedly (RTE, 2015) provided no new model capable of financing social housing off-balance sheet.

In their report, *Social Housing at the Crossroads: Possibilities for Investment, Provision and Cost Rental* (2014(c)), NESC reviewed current social housing policy in Ireland and selected European countries, and made a series of recommendations towards a 'more unified, cost-effective and sustainable model in Ireland'. In order to achieve this, NESC outlined three main goals for Irish housing in the coming years (2014(c):42):

1. Affordable house purchase in a stable market that prioritises housing for occupation rather than speculation;

2. Affordable and secure rental accommodation available to a significant share of the population;

3. Future supply and a growing stock of homes, in well-designed sustainable neighbourhoods, available to those on lower incomes.

In order to achieve the latter two goals, a fourth requirement was identified; the need for new institutional arrangements for housing finance, planning and land management, development, construction and housing management. The report proceeds to identify an interdependent three-strand approach for achieving the ultimate goals, based on supply, finance and cost rental. There needs to be an adequate supply of housing for those on low incomes, financed by way of new off-balance sheet mechanisms relying on public policy interventions on development. That supply is required to stabilise the rental market and enable cost-based rental to work with the market, which in turn will require initial subsidies to allow housing bodies to service available loans.

In considering available finance structures, the report discusses (2014(c):48) using a portion of the An Post savings deposits, which would be available through the NTMA to the Housing Finance Agency who would then lend to housing bodies at a moderate fixed mark-up on the rate paid to savers with An Post. Other structures found worthy of further consideration were Real Estate Investment Trusts (REITs) as a vehicle for generating investment in social housing; investment by pension funds and retirement schemes, cooperative equity shares with householders who have the option to take an equity stake in the property; and impact investments in which investors seek to create both financial return and measurable positive social or environmental impact. (2014(c):50).

Social Justice Ireland believes that mechanisms are available to increase the stock of social housing to address the current need, and calls on Government to implement policy to support this increase in supply by way of off-balance sheet funding and initial subsidisation to support the framework required.

Key Policy Priorities on Housing and Accommodation in Ireland

- Resource local authorities to undertake sufficient numbers of inspections and enforcement actions to ensure that private rented accommodation is of an adequate and habitable standard.

- Ensure that adequate resources are allocated for the effective implementation of tenancy regulation to protect the rights of tenants.

- Ensure that a balance is struck in the determination of mortgage regulation to ensure that while lender and borrower risk is managed, there is still movement in the housing sector, particularly for those currently living in accommodation that does not meet the needs of the household.
- Provide greater supports for local authority mortgage holders to prevent and address long-term arrears prior to possession action and to provide advice and advocacy for those at risk of losing their home.
- Provide increased resources for homeless services, focusing on preventative measures and information for persons at risk of homelessness, and an increase in adequate social housing supply prioritised for those who are homeless or at risk of homelessness with appropriate supports to ensure a reasonable standard.
- Implement sustainable measures for the immediate elimination of homelessness, both short and long-term.
- Ensure a suitable number of housing units are available for people with a disability to live independently.
- Ensure that local authorities are fully utilising their allocations for Traveller specific accommodation with a view to providing secure accommodation solutions which protect their culture.
- Explore the utilisation of the skills and resources of NAMA as a housing agency with the ability to access and distribute appropriate off-balance sheet funding and to take an active role in the direction and support of AHBs in the provision of social housing.
- Explore off-balance sheet financing structures aimed at generating sufficient capital to adequately finance the social housing need.
- Ensure that the development of social housing units secures its long-term sustainability by providing infrastructure and amenities that are suitable to a range of changing demographics, particularly the securing of educational pathways for children.

7.

HEALTHCARE[59]

CORE POLICY OBJECTIVE: HEALTHCARE

To provide an adequate healthcare service focused on enabling people to attain the World Health Organisation's definition of health as a *state of complete physical, mental and social wellbeing and not merely the absence of disease or infirmity.*

Healthcare services are fundamental to wellbeing, being both important in themselves and also important as a factor in economic success in a range of ways, including improving work participation and productivity. Securing healthcare services and infrastructure is one of the key policy areas that must be addressed urgently as part of the Policy Framework for a Just Ireland set out in Chapter 2 under the heading of 'Decent Services and Infrastructure'. This is one of five priority areas identified by *Social Justice Ireland* which must be addressed in order to realise the vision for Ireland articulated there.

People should be assured of the required treatment and care in their times of illness or vulnerability. The standard of care is dependent to a great degree on the resources made available, which in turn are dependent on the expectations of society. The obligation to provide healthcare as a social right rests on all people. In a democratic society this obligation is transferred through the taxation and insurance systems to government and other bodies that assume or contract this responsibility. These are very important issues in Ireland today. It is indicative of the importance that people attach to the health service that, when asked to decide the order in which austerity-related measures should be addressed, a majority of respondents to the 2014 Pfizerhealth study said they would prioritise the reversal of healthcare related cuts (Pfizer, 2014).

[59] Annex 7, containing additional information relevant to this chapter, is available on the *Social Justice Ireland* website:
http://www.socialjustice.ie/content/publications/type/socioeconomic-review-annex

If healthcare is to meet the standard set out here in the years ahead, *Social Justice Ireland* believes that Government needs to implement the following key initiatives[60]:

- Increase the availability and quality of Primary Care and Social Care services.
- Restore medical card-coverage for all people who are vulnerable.
- Create a statutory entitlement to a Home Care Package.
- Create additional respite care and long-stay care facilities for older people and people with disabilities, and provide capital investment to build additional community nursing facilities. Implement all aspects of the dementia strategy.
- Institute long-term planning and investment in the sector, acknowledging the impending demographic changes in Ireland, to ensure that we can cope with these changes.

This Chapter outlines some of the major considerations *Social Justice Ireland* believes Government should bring to bear on decision-making about the future of our health service.

Poverty and Health

Health is not just about healthcare. The link between poverty and ill-health has been well established by international and national research. A World Health Organization Commission that reported in 2008 on the social determinants of health found that health is influenced by factors such as poverty, food security, social exclusion and discrimination, poor housing, unhealthy early childhood conditions, poor educational status, and low occupational status.

A World Health Organization report highlights that people have not shared equally in Europe's social, economic and health development and that health inequalities are increasing in many countries (WHO, Regional Office for Europe, 2013). The years since the 2008 crisis have seen reduced access to healthcare for many people across the EU (Eurofound, 2014). The impact of the recession on the general health of the Irish population is substantial and 28% are of the view that their health was detrimentally affected by it. The greatest impact seen was on those between the ages of 35 and 64 (Pfizer, 2014).

In Ireland, studies from the Irish Public Health Alliance (IPHA) detail striking differences in life expectancy and premature death between people in different socio-economic groups. The Pfizer Health Index showed that those from a lower

[60] Much greater detail on these and related initiatives is provided later in this chapter.

socio-economic background are more likely to be affected by a wide range of medical conditions (including heart disease, cancer, depression and arthritis) than middle class people (ABC1) (Pfizer, 2012). Analysis of Census 2011 data by the Central Statistics Office (CSO) confirms the relationship between social class and health. While 95 per cent of people in the top social class enjoyed good or very good health, this proportion fell across the social groups to below 75 per cent in social class 7 (CSO, 2012).

There are a range of studies providing evidence that is of great concern relative to inequality and health in Ireland. The recent Healthy Ireland survey (Healthy Ireland, 2015), one of the largest social surveys of recent years, contains a number of telling facts relative to health and social class, including:

- those in higher social classes were more likely to report their health as good or very good (90 per cent), than those in the middle (87 per cent), or lower social classes (84 per cent);
- those within more deprived areas were more likely to report the presence of a long-term illness;
- there is a very strong link between smoking prevalence and social deprivation with those living in the most deprived areas being more than twice as likely to smoke as those living in the least deprived areas.

Similarly, the Growing Up in Ireland study, a study that has tracked a large cohort of Irish children from birth, highlights a widening health and social gap by the time children are just 5 years old. Children from the highest social class (professional/managerial) are more likely than those from the lowest socio-economic group to report that their children are very healthy and have no problems. The socio-economic background of the child is also shown to be associated with being overweight or obese (Growing Up in Ireland, 2013).

These findings are of particular concern in respect of the future health and life-chances of disadvantaged children. They show how poverty directly affects the incidence of ill-health; it limits access to affordable healthcare and reduces the opportunity for those living in poverty to adopt healthy lifestyles. In summary, poor people get sick more often and die younger than those in the higher socio-economic groups.

Life Expectancy

According to Eurostat's figures for 2013, Irish males had life expectancies at birth of 79 years while Irish females were expected to live 4.1 years longer, reaching 83.1 years. These figures have gradually but consistently improved in recent years. There has been an increase in male life expectancy of 9 per cent, and in female life expectancy of 6.4 per cent (both at birth) in the period 1993-2013 (Department of Health, 2015). This improvement is largely attributed to better survival from conditions such as heart disease (Department of Health, 2015).

Although women have a higher life expectancy than men, when life expectancy is expressed as years lived in good health (that is, healthy life years) at age 65, the difference between women and men is less significant, indicating that women live longer but with more health problems (Department of Health, 2015).

When we look at the European context, Ireland's life expectancy performance is slightly above the European average. It must be acknowledged, however, that the EU average is decreased by low life expectancies, especially among men, in Eastern European countries such as Bulgaria, Latvia and Lithuania. Relative to the older member states of the EU, the Irish figures are somewhat less impressive. The online Appendices to this report contain a Table setting out life expectancy at birth for EU countries (See Table A.1).

Furthermore, life expectancy at birth for both men and women in Ireland is lower in the most deprived geographical areas than in the most affluent (CSO, 2010). For example, life expectancy at birth of men living in the most deprived areas was 73.7 years (in 2006-07) compared with 78 years for those living in the most affluent areas. For women the corresponding figures were 80 and 82.7 years (CSO, 2010).

Ireland's life expectancy figures should be considered in the context of the findings of reports on health inequalities referred to above, and the poverty figures discussed earlier (see Chapter 3). As well as the issues already listed, those in lower socio-economic groups also have a higher percentage of both acute and chronic illnesses. Ireland's poverty problem has serious implications for health, because of the link between poverty and ill health.

Access to Healthcare: Medical Cards, Health Insurance and Waiting Lists

There are a range of issues in the Irish health system relating to access to healthcare including; access to medical cards; the position of public patients in the two-tier system; delays in Emergency Department admissions; and waiting times for access to healthcare in the public system. International experts have noted that Ireland is the only EU health system that does not offer universal coverage of primary care (World Health Organisation & European Observatory on Health Systems and Policies, 2014). People without medical or GP visit cards (approximately 60 per cent of the population) must pay the full cost of almost all primary care services and outpatient prescriptions. Thus Ireland is considered to have a very under-developed system of primary care. Some 60 per cent of the population have to pay €40-60 for each GP visit, and up to €144 per month for prescription drugs (Burke *et al,* 2014). The international report, already mentioned, also noted that the Irish health service contrasts with that of other EU countries due to the existence of an element of discretion and lack of clarity about the scope of some services, especially community care services in which there are service and regional differences (World Health Organisation & European Observatory on Health Systems and Policies, 2014). Our complex system involving a two-tier approach to access to public hospital care means that private patients have speedier access to both diagnostics and treatment (Burke *et al,* 2014).

In Ireland, out-of-pocket spending on medical expenses as a share of household consumption is above the European (EU28) average and it increased by over 2 percentage points between 2007 and 2012 (OECD, 2014). Out-of-pocket expenses such as prescription charges operate as a much bigger barrier for poorer people who may defer visits or treatment as a result. A study by the Centre for Health Policy and Management at Trinity College, Dublin, shows that while the numbers of people covered by medical cards, drug payment, long-term illness and high tech drugs schemes went up from 2005 onwards, the costs of the schemes went down from 2009 onwards – partly driven by better deals with the pharmaceutical industry. However, in the case of the drugs payment scheme, this is also driven by declining numbers using the scheme due to increases on the reimbursement threshold[61]. As the study concludes, this was in effect a direct transfer of costs from the State onto patients (Burke *et al,* 2014). Another international study expressed concern about access to services due to regular increases in co-payments for a range of services and for insurance premiums (Nolan *et al,* 2014).

The numbers insured in the health insurance market was 2.03 million people (at end 2014), which represented 44 per cent of the population. After growing for many years, the number insured peaked at 2.3 million (50.9 per cent of the population) at the end of 2008 and fell during subsequent years (Health Insurance Authority, 2015). A report on 35 European countries queries if Ireland's very high reliance on healthcare insurance can be regarded as an extreme case of dissatisfaction with the public health system (Health Consumer Powerhouse, 2016). One puzzling part of this situation from a funding point of view is that, notwithstanding the fact that so

[61] In 2008 the State paid out over €311million under the Drugs Payment Scheme whereas by 2012 this had more than halved to €127million (Burke *et al,* 2014)

many people are insured, private health insurance contributes relatively little to Ireland's overall spending on healthcare; between 7-10 per cent of current public revenue (Normand, 2015).

Statistics published on the Department of Health website indicate that in October 2015, 1,824,642 people had a medical card (Department of Health, 2015). Some 409,785 people had a GP Visit card and there has been a large increase in this number, due to Government's decision to issue them to those under six years and those over 70 years (Department of Health, 2016). The number of people benefitting from Discretionary Medical Cards fell by just under 24,000 or over 30 per cent between 2011 and 2013 (Health Service Executive (HSE), 2012; HSE, 2013). Many people suffered unnecessary stress as a result of a review of discretionary medical cards that was announced in Budget 2014, a policy that was discontinued when its impacts on individuals and families was highlighted in the media. However, reports have continued in the media and elsewhere of difficulties and delays in accessing medical cards for adults and children with serious long-term illnesses (see Children's Rights Alliance 2015, for example).

Particular problems with overcrowding in emergency departments are a feature of the Irish health system. For example, figures from the Irish Nurses and Midwives Organisation (INMO) suggested that from January to December 2015 almost 93,000 patients waited on a trolley for an in-patient bed, compared to 77,000 in 2014. This was the highest figure since INMO records began (Irish Nurses and Midwives Organisation, 2016). In December 2015 there was, however, a decrease (of 13 per cent) compared with December 2014 (Irish Nurses and Midwives Organisation, 2016). There were 463 people on trolleys and an additional 95 people on beds/trolleys or chairs in inpatient units above the stated compliment (558 in total) on 9 January 2016. In 2006, a former health Minister was forced to declare a national emergency when the number of patients on trolleys hit 495 (Cullen, Irish Times, 2015). Behind these figures there is unnecessary human suffering as many patients, often older patients, are left waiting on trolleys or chairs for hours or even days before they are admitted to hospital, to say nothing about the risk to patient safety created in cramped conditions.

This situation is exacerbated by inability to discharge many older patents (delayed discharges) due to problems accessing support in the community as well as access to step-down facilities, nursing homes and other forms of support. It is estimated, for example, that increasing availability of rehabilitation beds would potentially free up 12 per cent of delayed discharge beds (HSE, 2015). The number of places funded by the Nursing Home Support Scheme (NHSS or Fair Deal) decreased from 23,007 in 2013 to 22,016 in 2014, a reduction of 991 funded NHSS places – although there has been an increase again in 2015 (HSE, 2015).

Social Justice Ireland believes that healthcare is a social right that every person should enjoy. Furthermore, access to quality healthcare services can also prevent higher healthcare costs in the long run (Eurofound, 2014). Yet many of those dependent on the public system in Ireland spend lengthy periods waiting for a first appointment with a specialist and also for treatment. These waiting times are unacceptable and demonstrate the lack of fairness within our current system in which people with private health insurance do not have to wait. The 2001 health strategy, *Quality and Fairness*, set a target of a maximum wait of three months for treatment following referral from an out-patient department. A subsequent Government target was that no one would wait over one year for a first specialist appointment by December 2013. The most recently announced target is that no one will wait longer for treatment or an outpatient appointment than 18 months by mid-2015 and no longer than 15 months by end 2015(Department of Health Priorities published in January 2015).

These are extremely unambitious targets. Yet during November 2015, over 16,000 people were waiting for inpatient and day case elective procedures (Department of Health, 2015: Figure 3.2). Again in November 2015, the number of patients waiting more than 18 months for an inpatient and day case procedure was 1533 and the number waiting more than 15 months was 3293. In relation to outpatients, 9618 patients were waiting more than 18 months for an appointment and 21,282 were waiting longer than 15 months (HSE, 2015).

In a recent survey of 35 countries, Ireland was ranked 21st down from 14th in 2013 (Health Consumer Powerhouse, 2016). On the issue of accessibility, Ireland ranks among the three lowest countries. By contrast, the health system in the Netherlands topped this ranking (and is the only country that has consistently been among the top three in the total ranking of any European index published by the Health Consumer Powerhouse since 2005).

While *Social Justice Ireland* has queried aspects of Government plans to introduce a system of universal health care, including the proposed timeline for its implementation, its postponement in 2015 leaves open the questions of whether and how Ireland will move toward a more accessible and more equitable health system.

Health expenditure

Comparative statistics are available for total expenditure on health (public plus private) across the EU. Changes in the ratio of health spending to GDP are the result of the combined effects of growth/reductions in both GDP and health expenditure. At 8.1 per cent, Ireland's spending on healthcare as a percentage of GDP was similar to the EU average in 2012 (the latest comparable data available from the Central

Statistics Office: CSO, 2015). In Gross National Income (GNI) terms this expenditure translates into a figure of 9.9 per cent (in 2012). However, Ireland's spending per capita was the tenth *highest* expenditure on health per capita in 2012 in the EU (in PPS $) (CSO, 2015). Furthermore, healthcare costs tend to be higher in countries that have larger populations of older people. Even though Ireland's population is ageing, at 17.3 (Department of Health, 2015), the old age dependency ratio[62] is low compared to the much higher EU average. In international comparison, Ireland has a low number of doctors and, especially, of nurses and a relatively low number of hospital beds; 2.8 beds per 1000 of the population as opposed to an OECD average of 4.8, based on 2012 numbers (OECD, 2014). For a table setting out the expenditure on health as a percentage of GDP in 28 countries, see Table A.2 in the online Appendices to this document[63].

Ireland's public spending on healthcare has reduced in recent years from €14,588 million in 2008 (or €3193 per capita at constant 2012 prices $) to €13,492 million in 2013 (€2,973 per capita at constant 2012 prices) , based on the latest data published by the CSO (2015). These very significant decreases in Ireland's health spending have occurred at the same time as demands on health services have increased. A report by the HSE suggests that by 2015 the healthcare budget had decreased by over 21 per cent from 2009 at a time when demographic pressure has increased by over 9 per cent (2015). That suggest that in 2016 if existing patterns were to persist there would be a cumulative reduction from 2009 of the total healthcare budget of 30.6 per cent (inclusive of demographic pressure of 10.5 per cent and budget reduction of 20.1 per cent) (HSE, 2015). Capital expenditure was approximately 36 per cent lower in 2014 than in 2008 (Department of Health, 2015: Table 6.3).

A small increased funding allocation of €817m (6.7 per cent increase when compared to 2015) was announced as part of the Service Plan 2016 (HSE, 2015). These changes also took place during a period of rapidly rising unemployment and consequently growth in the numbers of people qualifying for medical cards. A study by the Centre for Health Policy and Management, TCD, concludes that, from 2013 on, the health system has been under increasing pressure and has had no choice but to do 'less with less' (Burke et al, 2014, p.7). Given that the HSE cannot control emergency admissions to hospitals, this could be expected to result in reduced access to medical cards, day and inpatient hospital treatment, as well as to social care in the home. Short-term savings may work out more expensive in the longer term if they result in hospital admissions that could have been avoided (Burke *et al,* 2014), to say nothing of the cost in human suffering.

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62 The old age dependency Ratio refers to the number of persons aged 65 years and over as a percentage of those aged 15-64 years.

63 Available online on the Social Justice Ireland website at: http://www.socialjustice.ie/content/publications/type/socioeconomic-review-annex

Internationally, the public sector is the main source of health financing (OECD, 2014). In Ireland, 67.6 per cent of health spending was funded by public sources in 2012, which is less than the average of 72.3 per cent in OECD countries and that trend has been downwards in recent years (OECD, 2015). See Table 7.1. It is considerably less than the public sector share of spending in the Netherlands, the U.K and Nordic countries which tend to have levels of public financing exceeding 80 per cent (OECD, 2015) and also tend to have higher levels of overall tax revenue as a percentage of GDP than Ireland (Eurostat 2014, Graph 3).

Table 7.1 Public Expenditure on health as a percentage of total expenditure on health

	2005	2006	2007	2008	2009	2010	2011	2012
Ireland	76.0	75.4	75.7	75.4	72.6	69.6	67.8	67.6

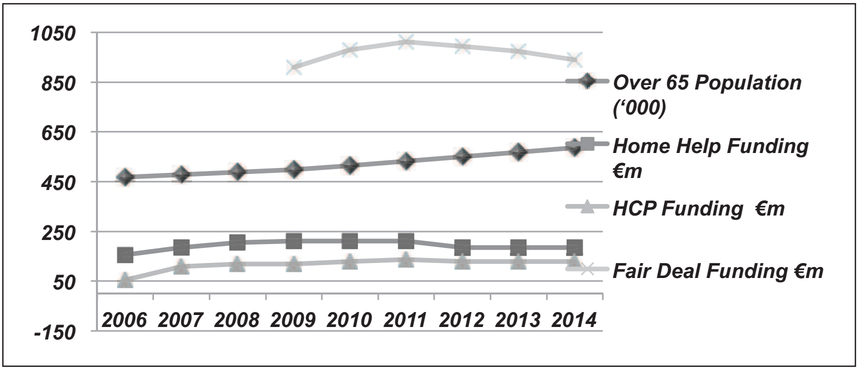
Source: OECD online database.

The HSE endured several successive years of budget cuts while simultaneously pursuing a major system transformation (including the abolition of the HSE and the establishment of separate Directorates and a proposed shift to a system of universal health insurance). International evidence suggests that significant year-on-year variations in the level of statutory funding available for health services is disruptive to the sustained delivery of quality services (World Health Organization & European Observatory on Health Systems and Policies, 2014).

The situation can be illustrated by looking at the current capacity of community services, which is insufficient to meet growing demands associated with changing demographics and which are reflected in the inappropriate levels of admission to, and delayed discharges from, acute hospitals referenced above. With an ageing population, the acute hospital system, which is already under some considerable pressure, will be unable to operate effectively unless there is a greater shift towards primary and community services as a principal means of meeting patient needs. This is particularly so in the areas of home support and continuing care, and enabling older people to live in the community for as long as possible. The short-comings in resourcing of community services is illustrated in Figure 7.1, across.

A review of the funding across the Social Care services of Fair Deal, Home Help and Home Care Packages relative to the over 65 population from the period 2006-2014 indicates that while the population continues to grow year on year, the allocated funding for each service reduced in 2011 (see Figure 7.1 across). It is acknowledged that pay savings and productivity measures arising from national agreements and associated measures have contributed to control of staffing costs in the public system, but the benefits in this regard are not sufficient to offset the growth in demand.

Figure 7.1 Fair Deal and Home Care Funding: 65+ population, 2006-2014



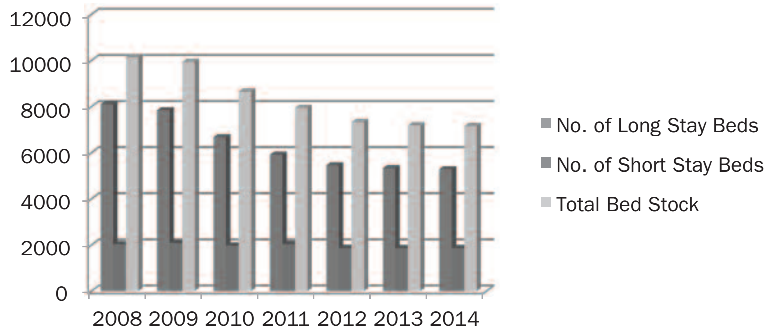
Source: Various HSE Reports

Key points in relation to Figure 7.1:

- **Home Help:** the level of Home Help service has reduced from a high of 12.64m hours delivered to some 55,000 people in 2008 to a 2014 level of 10.3m hours delivered to 47,000 people, a reduction of 14 per cent in the number of people being supported by the service. The funding level was reduced from a high of €211m to €185m over this period.
- **Home Care Packages:** While the numbers being supported by HCPs have increased year on year to the current position of 13,199, the average value of each HCP has fallen as the funding available has remained relatively static since 2008.
- **Fair Deal:** Since the inception of NHSS, the number of clients supported in long-stay residential care has remained relatively static despite the increased numbers of older people.

Public residential care beds are key resources in the continuum of care, as short-stay beds serve as an intermediate care provision across hospital and community, providing respite, assessment and step-down care. The long-stay residential care is the resource which provides for residents with highly complex requirements that may not be able to be supported in private beds. It is projected that an additional 389 long stay beds and 2509 short stay beds will be required in 2016 to achieve target levels for the increased population aged 65 years and over; From 2016-21, it is predicted that 4696 long stay and 3424 short stay beds will be required to achieve target levels (HSE, 2015).

Figure 7.2 Public Residential Long-stay & Short-stay beds, 2008-2014



Source: Various HSE Reports

Key points in relation to Figure 7.2:

Despite the steady growth in population, the public bed stock capacity has reduced significantly from a high of over 10,000 beds in 2008 to a current capacity of 7157 beds in 2014, which represents a 29% bed stock reduction since 2008 including:

- a reduction in short-stay beds from a high of over 2,000 to the current capacity of 1868 (11% reduction);
- a reduction in long-stay beds from over 8,000 to the current capacity of 5289 (35% reduction);
- In addition to the funding issues, Health Information and Quality Authority (HIQA) requirements in relation to the standards of long-stay accommodation have deemed certain facilities or parts of facilities to be unsuitable or required reduced occupancy levels in others. This is a continuing issue for the sustainability of current levels of public bed provision. There has been some major and minor capital provision to address this issue, but not on a scale which would allow for the planned improvement or replacement of all facilities in need of upgrading.

The above information is indicative of the reduced resources across these key areas of service provision at a time of an increasingly elderly population. The provision of community-based service, albeit at lower capacity over the past 5-6 years, has stretched services as far as possible in order to match need. Also, a key indicator of value is that the NHSS supports 3.9% of the population aged over 65 in residential care. In planning norms identified in the mid-2000s, the key target figure was 4per cent.

However, it is clear that there is a link between the diminished levels of services as outlined above and the ongoing increasing activity experienced by the Acute Services in terms of presentations of older people and subsequent delayed discharge numbers while the current configuration of services are in place. We will return to some of the issues highlighted in this section when we discuss the situation relating to older people below.

Policy Coherence

One would have to conclude that overall the thrust of recent policy is disjointed, lacks coherence and involves levels of expenditure reduction within a short space of time that are not compatible with a well-managed system. International experts noted that, despite increased investment during the previous decade, when the financial crisis occurred in 2008 Ireland still had poorly developed primary and community care services (WHO & European Observatory on Health Systems and Policies, 2014). *Social Justice Ireland* believes that, overall, the cutbacks over recent years (resulting in measures like high prescription charges, increased thresholds for the Drug Repayment Scheme and others) are most adversely affecting people on low-incomes. Very long waiting times are also impacting on poorer people without private health insurance, and poorer people are also least able to compensate for cutbacks in community care. This is not compatible with a health-service characterised by safety, high-quality and equity.

Furthermore, *Social Justice Ireland* is seriously concerned that adequate funding is not being provided to address the ageing of the population that will result in a steady increase in older people and people with disabilities accessing services. See below for more discussion of population ageing and its consequences.

However, an open and transparent debate on the funding of healthcare services is also needed. This debate must acknowledge the enormous financial expenditure on healthcare. Ireland must decide what services are required and how these should be funded and prioritized. In terms of Government's overall expenditure, healthcare accounted for 24 per cent in 2015, the second largest area of expenditure (after social protection) (Department of Expenditure & Reform, 2014). In international comparison, Ireland's per capita expenditure on healthcare (at 8 per cent of GDP in 2012) is high, despite a relatively young population. The recurring problems illustrated above and in the rest of this Chapter will only be exacerbated if they are not addressed.

Clearly significant efficiencies are possible within healthcare system – not least due to improvements in technologies. Experts in this area conclude that good versions of universal healthcare are affordable where services are provided efficiently (Normand, 2015). Obtaining value for money is essential, but efficiencies must be delivered without compromising the quality of the service and without disproportionately disadvantaging poorer people. As well as a debate on the overall budget for healthcare, there should be discussion and transparency on the allocation to each of the services. Currently, approximately 60% per cent of the budget is allocated to Primary, Community and Continuing Care, which includes the medical card services schemes (Department of Health, 2014, figure 6.2). *Social Justice Ireland* recommends an increase in this percentage and greater clarity about the budget lines.

The model of healthcare

Community-based health and social services require a model of care that:

- is accessible and acceptable to the communities they serve;
- is responsive to the particular needs and requirements of local communities;
- is supportive of local communities in their efforts to build social cohesion;
- accepts primary care as the key component of the model of care, affording it priority over acute services as the place where health and social care options are accessed by the community; and
- recognizes the need for adequate resources across the full continuum of care, including primary care, social care, and specialist acute hospital services, to fully meet the needs of our growing ageing population.

There are a number of key areas requiring action if the basic model of care that is to underpin the health services is not to be undermined. There areas include:

- Older people's services
- Primary care, primary care teams and primary care networks
- Children and family services
- Disability, and
- Mental health

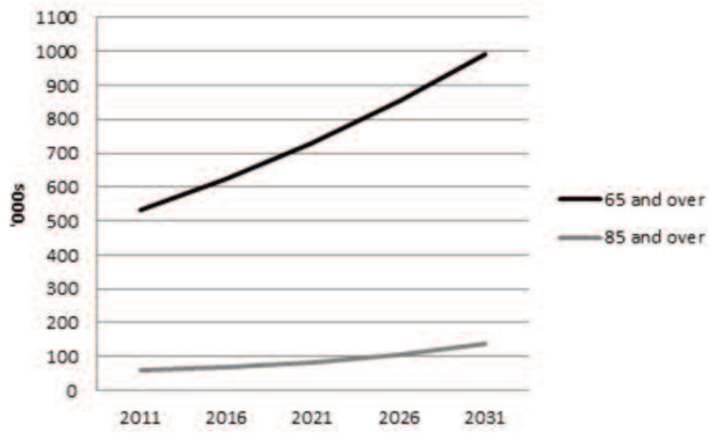
We now address each of these in turn.

Older People's services

Although Ireland's population is young in comparison to other European countries, it is still ageing. The most dramatic anticipated change in the future structure of the Irish population is the increase in the numbers of older people (see Figure 7.3). Within the general population, the number of people aged 65 years and over will increase by 3.1 per cent between 2015 and 2016 alone – which equates to an extra 19,400 people – with a further increase of 17.2% (107,500 people) expected in the five years between 2016 and 2021 (HSE, 2015). Some important facts about population ageing from the Department of Health (2015) include:

- While there were approximately 532,000 people aged 65 and over in 2011, there will be nearly 1 million by 2031 – an increase of 86.4 per cent;
- There were 58,000 people aged 85 or over in 2011 and this number will increase to some 136,000 people by 2031. This represents an increase of 132.8 per cent;
- The old age dependency ratio (the ratio of those aged 65 years and over to those aged 15-64) was 17.3 in 2011 and it is projected to rise to 30 by 2031.

Figure 7.3 Projected Population, 2011 to 2031; ages 65+ and 85+ ('000s)



Source: Department of Health 2015, Table 1.4. Actual figure for 2011

Statistics from the 2011 Census (CSO, 2012) demonstrate a strong link between disability and increased age:

- The disability rate is less than 10 per cent for those in their 20s, and 20 per cent by the age of 60. It increases sharply from age 70;
- The percentage of the population aged 85 and over who have a disability is 72.3 per cent – the rate is higher (at 75.1 per cent) for females aged 85 or over.

Clearly, significant increases in the numbers of older people are inevitable, particularly the numbers of those who are over 85, and a consequent increase in numbers living with a disability or long-term illness can be anticipated.

Support for people to remain in their own homes is a key and appropriate policy objective and coincides with the wish of most older people. However, utilisation of formal home care funded by the State in Ireland is considered low by comparison with other countries (McGee *et al* 2005; Murphy, Whelan and Normand, 2015). For example, one study found that only 7 per cent of those aged 65+ used domestic help in Ireland, compared to 17 per cent in Northern Ireland (McGee *et al,* 2005). The ostensible policy commitment is not evidenced by the significant decrease in the provision of Home Help hours in recent years[64], especially at a time of population ageing. As Table 7.2 shows, there were approximately 8300 fewer people in receipt of Home Help support in 2014 than there had been in 2008 – a decrease of approximately 14.5 per cent – and there was a decrease of 2.34 million (18.5 per cent) in the hours delivered. Looking at the years between 2008 and 2013, there was a steady decrease in the number of hours delivered and people receiving hours especially from 2011, and although there has been a slight increase since 2014, the number both of hours delivered and of those served by the scheme is still considerably less than in 2008 or indeed even in 2011. During the period 2008-2014, the number of people in receipt of Home Care Packages grew (by 4200 people), representing an increase of some 47 per cent, but, as already mentioned, the funding for this scheme has remained static.

Table 7.2 - HSE Support to Older People in the Community, 2007 – 2015

	2008	2009	2010	2011	2012	2013	2014	2015++
Home Help:								
People in Receipt	55,366	53,7911	54,000	50,986	45,706	46,454	47,061	50,000
Hours Delivered	12.64m	11.97m	11.68m	11.09m	9.8m	9.73m	10.3m	10.4m
Home Care Packages:								
People in receipt	8,990	8,959	9,941	10,968	11,023	11,873	13,199	15,450
NHSS funded places:				21,548	22,065	23,007	22,016	23,965

Source: HSE Annual Report and Financial Statements (2010 – 2015). ++ Figures projected to end 2015, Nov 2015 HSE Performance Assurance Report (HSE 2015). NHSS figures: HSE 2015.

64 HSE reports make it clear that older people are the main beneficiaries of Home Help services and Home Care Packages.

Home Care packages reach some 3 per cent of the 65+ population (Department of Health, 2015). Availability is based on need and on resources. Over 60per cent of the current budget for the provision of services for older people goes towards support for long-term residential care while only approximately 4 per cent of the over 65 population live in residential care settings (Department of Health, 2015). Additional funding was made available in 2015 for the Nursing Homes Support Scheme to address long waiting times and it is estimated that there will be a 7 per cent increase in the number of applications to the scheme in two years (2014-2016) (HSE, 2015).

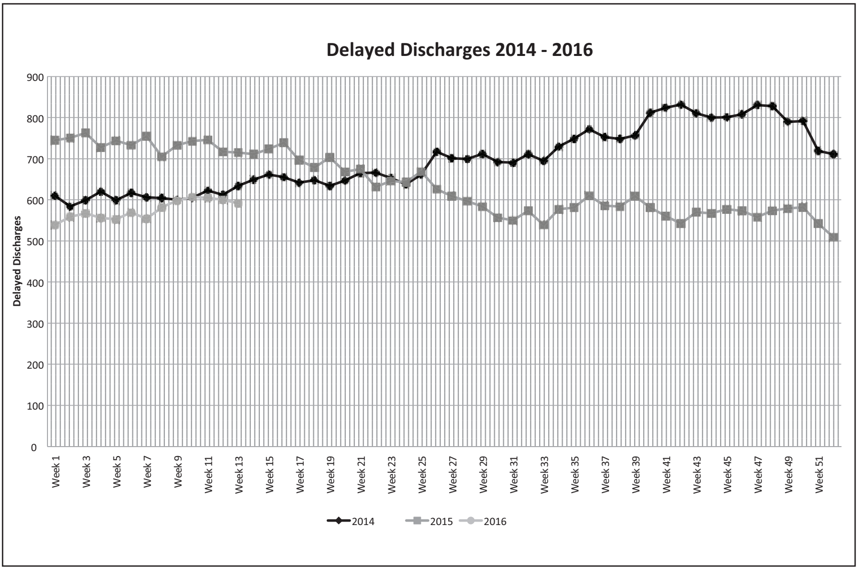
While there is evidence that the care needs of older people need not overwhelm the health system (Normand, 2015), the current experience of challenges within the acute hospital system around Emergency Department trolley waits, delayed discharges, waiting lists for elective surgery as well as significant (HIQA) reports indicating a system under pressure, provides strong evidence that the reducing budgets since 2008, allied to increasing ageing population and related demands, are indeed at risk of overwhelming the system. Population ageing is closely associated with higher levels of disability and long-term ill-health, so planning and investment is required to meet the challenges presented by demographic change, and also to address the infrastructural deficits created by underinvestment and budgetary cuts in the last number of years. Health-promotion measures and action to facilitate the full participation of people with disabilities – including older disabled people - in social life are also required, as well as a comprehensive approach to care services that would include integrated services across the areas of GP care, public health nursing, home care supports, acute hospital care, rehabilitation and long-term care.

In this context it is important to note that the Health Service has significantly improved performance in reducing delayed discharge figures throughout 2015 and through the winter planning period. A targeted allocation of resources to Social Care Services in 2015 (i.e. the fair deal scheme, home help and home care packages) was provided to drive down the level of delayed discharges. When the resources were allocated to the community, positive results were achieved.

Figure 7.4 tells the story. It sets out delayed discharge figures over the period 2014-2016 and illustrates the improvement which has been achieved. The delayed discharge figures rose dramatically from approximately 600 at the beginning of 2014, to a high of 832 in October 2014; they were reduced steadily throughout 2015 to a record low of 509 at the end of December 2015. Since the beginning of 2016, despite an approximate 10 per cent increase in attendances at Emergency Departments the figure has remained below 600 to the end of February 2016 with an average of 560 per month.

This improved and consistent performance was achieved by a combination of significantly improved integrated planning across hospital and community services, together with the targeting of the additional and existing resources provided to deal with the anticipated increased demand during the Winter months. It shows that improvement is possible and can be achieved when a strategic investment is made with a clear purpose and when it is combined with the necessary commitment to deliver the desired outcome.

Figure 7.4: Delayed discharges 2014-2015-2016



Source: HSE Service Plans and Early Discharge Task Force, various years.

Another relevant issue is the impending closure of public nursing home beds due to failure to meet the standards set by the HIQA. Closure of these units would have a number of consequences for their individual residents and also a knock-on effect on hospital overcrowding due to increasing the numbers of people needlessly occupying hospital places.

Over the past six or so years, changes in public services (such as in home help hours and community nursing units, reductions in the Fuel Allowance, cuts in the Household Benefits Package, changes to the Christmas bonus, and increases in prescription charges as well as decreased frontline staff and services within the healthcare sector) have all adversely affected older people, falling most heavily on poorer groups without the income to compensate and especially on poorer people with disabilities or illness. International experts identified that in relation to public health spending alone, the reduction in Ireland's spending on over 65s will have fallen by approximately 32 per cent per head between 2009 and 2016 (World Health Organization & European Observatory on Health Systems and Policies, 2014).

Supports that enable people to live at home need to be part of a broader integrated approach that ensures appropriate access to, and discharge from, acute services. To achieve this, deficits in infrastructure need to be addressed urgently. There should be an emphasis on replacement and/or refurbishment of facilities. If this is not done, the inappropriate admission of older people to acute care facilities will continue with the 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). The HSE has described the current deficit in short-stay beds as 'very striking' (HSE, 2015; p93).

Furthermore, the National Clinical Programme for Older People (2012) recommended that every hospital receiving acutely ill older adults have a dedicated specialist geriatric ward and a designated multi-disciplinary team and access to onsite and off-site rehabilitation beds delivering structured rehabilitation. This recognises that it is a fundamental right of an older person to receive an adequate period of rehabilitation before a decision with regard to long-term care is made. But implementation of these recommendations is lacking and there continues to be a shortage of appropriately resourced and staffed geriatric rehabilitation units in the country (O'Neill, 2015).

An Expert Group described Ireland's under-resourced community health services as 'perhaps the greatest deficiency in the current provision of public health services in Ireland' (Ruane, 2012, p.48). A commitment to supporting people at home remains aspirational if funding is not provided for a range of services like Home Helps, day centres and home care packages.

Social Justice Ireland believes that on the capital side, an investment in the order of a total of €500 million over five years, (€100 million each year), is required to meet this growing need. This would enable some 12 to 15 community nursing facilities with about 50 beds each to be replaced or refurbished each year. In addition to supporting the needs of older people, this proposal would also stimulate economic activity and increase employment in many local communities during the construction periods.

Social Justice Ireland also believes that on the revenue side funding in excess of €100m is required at a minimum to bring core community services for HCPs, Home Help, and residential care supports through the Fair Deal scheme to more sustainable levels. This funding will assist in stabilising the current system and allow for a progressive development towards an integrated model of service over a period of years based on an appropriate allocation for demographic growth each year.

Primary care

Ireland's healthcare system has struggled to provide an effective and efficient response to the health needs of its population. Despite a huge increase in investment in recent years, great problems persist. The development of primary care teams (PCTs) across the country was intended to have a substantial positive impact on reducing these problems, and to be part of a move away from over-reliance on acute hospital services to a more community based model of service delivery. Developing PCTs and primary care networks is intended as the basic building block of local public health care provision. The Primary Care Team is intended to be a team of health professionals that includes GPs and Practice Nurses, community nurses (i.e. public health nurses and community RGNs), physiotherapists, occupational therapists and home-care staff. PCTs are expected to link in with other community-based disciplines to ensure that health and social needs are addressed.

The principle underlining this model should be a social model of health, in-keeping with the World Health Organization's definition of health as a 'state of complete physical, mental and social well-being and not merely the absence of disease or infirmity'. Universal access is needed to ensure that a social model of health can become a reality.

It was envisaged that 530 Primary Care Teams supported by 134 Health and Social Care Networks would cover the country by 2011. At the end of December 2013, 419 Primary Care Teams were operating (Department of Health, 2014). At end 2014, there were 85 Primary Care Centres in operation, and a further 37 locations were planned to be delivered during 2014 to 2016/early2017 (Department of Health, 2015). During 2015 plans for investment of €70 million in 14 centres, part-funded by the European Investment Bank, were announced.

In 2014, the HSE published *Community Healthcare Organisations – Report and Recommendations of the Integrated Service Area Review Group*, stating how health services, outside of acute hospitals, will be organised and managed. The report recommended establishing nine Community Healthcare Organisations (CHOs) to replace the existing 17 Integrated Service Areas and reorganisation into 90 Primary Care Networks, each serving approximately 50,000 people. The HSE Service Plan for 2015 envisaged the establishment of these new organisational structures intended, inter alia, to support PCTs.

The work done on existing teams/centres is very welcome but much more is needed to ensure that they command the confidence and trust of local communities. Greater transparency about their planning and roll-out is also needed. An important first step to address these concerns would be the publication of a comprehensive plan for the implementation of the new community healthcare organisations and the 90 primary care networks envisaged. This plan should clearly outline how the Primary Care Teams and networks will link with mental health and social care services and how collectively these community services will be integrated with acute hospital services as well as other important services at local government, education and wider community level. It will also be necessary that this work be linked to the new GP contract which it is intended will focus on chronic disease management, prevention and community involvement. *Social Justice Ireland* believes that Government should roll out the nine Community Healthcare Organisations and 90 primary care networks intended to support primary care teams. An investment of €250 million over a five year period is needed to support the infrastructural development of the PCTs.

Children and family services

There is a need to focus on health and social care provision for children and families in tandem with the development of PCT services. In early 2016 the United Nations Committee on the Rights of the Child expressed deep concern about the state of health of children in single-parent families, children in poverty and Traveller and Roma Children – noting that a low proportion of Traveller and Roma children have medical cards (UN Committee on the Rights of the Child, 2016). The Committee also raised a number of concerns about the children's mental health services, including children being admitted to adult psychiatric wards, long waiting lists for access to mental health support, and insufficient out-of-hours services for children and adolescents with mental health needs, particularly eating disorders. The report also expressed concern about the high number of suicides among adolescents.

Social Justice Ireland welcomed the extension of free GP care for under sixes, and indeed the further extension to children aged under 11 announced as part of Budget 2016. However, policy in this area appears fragmented and lacking transparency as the withdrawal of discretionary medical cards from some children with high levels of medical need during 2014 shows. Although this policy has officially been reversed, there are still reports of difficulties for families with disabled or seriously ill children (for example, see Children's Rights Alliance, 2015). A universal approach to primary care for under sixes, or indeed for under 11s, must not be accompanied by a harder line being taken to other children with high levels of medical need.

Many community and voluntary services are being provided in facilities badly in need of refurbishment or rebuilding. Despite poor infrastructure, these services are the heart of local communities, providing vital services that are locally 'owned'. There is a great need to support such activity and, in particular, to meet its infrastructural requirements. *A Vision for Change* (revised as per Census 2011 data) recommended the establishment of 127 specialist Child and Adolescent Mental Health teams (or CAMHs), but there are only 62 teams in operation (Children's

Rights Alliance, 2015). In November 2015 there were over 200 young people waiting to be seen by a CAMHs team though it is acknowledged that this figure had reduced since the middle of the year (HSE, 2015).

Social Justice Ireland welcomed the extra €6 million allocation for therapy services in the Children and Young People programme provided in Budget 2015 and the subsequent allocation for Child Speech and Language Therapy within primary care in Budget 2016. We believe that a total of €250 million is required over a five year period to address the infrastructural deficit in Children and Family Services. This amounts to €27 million per area for each of the nine Children Services Committee areas, and a national investment of €7 million in Residential and Special Care.

As well as the issue of child protection, current key issues include waiting times for treatment (see above), policy on early childhood care and education, child poverty, youth homelessness, addressing disability issues among young people and the issue of young carers.

Disability

A total of 595,335 people, accounting for 13 per cent of the population, had a disability in April 2011 (CSO, 2012). Disability policy remains largely as set out in the National Disability Strategy from 2004 and its Implementation Plan published in 2013. There are many areas within the disability sector in need of further development and core funding, and an ambitious implementation process needs to be pursued now.[65]

People with disabilities have been cumulatively affected by a range of decisions introduced as part of successive Budgets in recent years. These include; cuts to disability allowance; changes in medical card eligibility criteria; increased prescription charges; cuts in respite services; cuts to home help and personal assistant hours; and cuts to other community-based supports such as the Housing Adaptation Grants Scheme, as well as the non-replacement of front-line staff providing services to people with disabilities. The cumulative effect of the changes made in recent years makes it more difficult for some people to continue to live in their communities. People with disabilities already experience higher everyday costs of living because of disability; one study suggests that the estimated long-term cost of disability is about one third of an average weekly income (cited in Watson and Nolan, 2011). Many disabled people depend on social welfare payments which have been static since 2011 while inflation increased. As Chapter 3 discusses, they are one of the groups in Irish society at greatest risk of poverty.

[65] Other disability related issues are addressed throughout this review.

The Value for Money (VFM) & Policy Review of Disability Services in Ireland 2012 recommends a complete and radical transformation of disability services in Ireland. Recent HSE Service plans suggest that there has been some progress setting up the structures and processes necessary to implement the type of comprehensive change-programme envisaged. However, *Social Justice Ireland* is concerned that the pace of change is too slow and that additional targeted resources will need to be provided to ensure that a comprehensive and lasting system-wide change initiative is delivered to the benefit of service users and local communities. *Social Justice Ireland* welcomed the establishment of a high level Steering Group to oversee the change programme, reporting to the Minister. *Social Justice Ireland* also called for a dedicated reform fund to support the transition to a new model of service, given the scale of infrastructural development required to move away from communal settings towards a community based, person-centred model of service. Disabled people need to be supported, not only by the health service, but by the Department of the Environment through Local Authorities with regard to housing need, through the Department of Social Protection in terms of income supports, as well as by the Department of Education through education and training. It is to be welcomed that capital funding of €100 million for disability services (from 2016-21) has now been announced, as well as the establishment of a service reform fund(between Atlantic Philanthropies, the Department of Health, the HSE and Genio (HSE, 2015).

Obesity and Chronic Illness
Obesity and food poverty impact on people's diets and there is a clear relationship between poor diet and disease. Ireland is experiencing high levels of both; 7% of children, rising to 36% of older people, are obese and food poverty affects almost one in eight citizens. It is predicated that unless obesity and food poverty rates are reduced, there will be a significant impact on quality of life, life expectancy and healthcare costs in Ireland (Layte & McCrory, 2011).

Projections of obesity costs in Ireland indicate that if present trends continue and no policy interventions are made, the cost of obesity will rise to over €4.3 billion in 2020 and to €5.4 billion in 2030 (Irish Heart Foundation & Social Justice Ireland, 2015). This is unsustainable when allied to demographic changes that will result in higher costs elsewhere in the system. A Sugar Sweetened Drinks Tax would raise revenue, whilst curbing sugar intake among the population and acting as a step in the right direction of healthcare policy encouraging healthier lifestyles.

Mental health

There is an urgent need to address the area of mental health in light of the World Health Report (2001) *Mental Health: New Understanding, New Hope.* This estimated that in 1990 mental and neurological disorders accounted for 10 per cent of the total Disability-Adjusted Life Years (DALYs) lost due to all diseases and injuries. This estimate increased to 12 per cent in 2000. By 2020, it is projected that these disorders will have increased to 15 per cent. This has serious implications for services in all countries in coming years. In Ireland, the Pfizer Health Index from 2013 suggested that about a quarter of Irish adults have reasonably direct experience of mental health issues and almost 3 in 10 acknowledged that there had been an incident of depression within their family circle or close peer group (Pfizer, 2013).

In Ireland, *A Vision for Change – Report of the Expert Group on Mental Health Policy* (2006) offered many worthwhile pathways to adequately address mental health issues in Irish society. Unfortunately, the pace of implementation to achieve this vision has been extremely slow. According to a study from Eurofound, between 2008 and 2012, there was almost no increase in the transfer of either budget or staff from hospitals to the community resulting in the under-provision of community services and the overmedication and increased hospitalisation of people with mental health problems (Eurofound, 2014). Readmission rates were also found to have increased.

Social Justice Ireland welcomed the allocations in Budgets 2014 and 2015 for mental health services, but there have been delays in spending previous allocations due, it appears, mainly to recruitment difficulties. According to the HSE's divisional plan for mental health for 2015, staffing levels were still at approximately 75 per cent of what was recommended in *A Vision for Change* (HSE, 2015). The mental health services are going through a significant change process at a time when demands on services are growing in line with population increases and the effects of the economic crisis (HSE, 2014). It is vital that ongoing reductions in inpatient beds are matched by adequate and effective alternative provision in the community.

Areas of concern in mental health

There is a need for effective outreach and follow-up programmes for people who have been in-patients in institutions upon their discharge into the wider community. These should provide:

- sheltered housing (high, medium and low supported housing);
- monitoring of medication;
- retraining and rehabilitation; and
- assistance with integration into community.

In the development of mental health teams there should be a particular focus on people with an intellectual disability and other vulnerable groups, including children, homeless people, prisoners, Travellers, asylum seekers, refugees and other minority groups. People in these and related categories have a right to a specialist service to provide for their often complex needs. A great deal remains to be done before this right could be acknowledged as having been recognised and honoured in the healthcare system.

The connection between disadvantage and ill health when the social determinants of health (such as housing, income, childcare support, education and so on) are not met is well documented . This is also true in respect of mental health issues.

Older people and Mental Health

Mental health issues affect all groups in society and people of all ages. Dementia is not the only mental health issue to affect older people. It is not an inevitable part of ageing nor is it solely a disease of older age, but older people with dementia are a particularly vulnerable group. For example, their average length of stay in long-stay residential care far exceeds that of others (Cahill *et al,* 2015). It is estimated that 47,000 people in Ireland have dementia (based on 2011 Census) and that number is projected to rise with the ageing of the population and could be as high as 132,000 people by 2041 (Pierce, Cahill & O'Shea, 2014).

A co-ordinated service needs to be provided to meet this demand. The uncoordinated and fragmented provision of specialist care units for people with dementia represents an example of a lack of planning and coherence. It is generally agreed that the needs of people with dementia are unmet within long-term care and that unmet needs are a source of reduced quality of life and increased disruptive behaviours: many symptoms are caused, not by the dementia itself, but from the quality of care people with dementia receive in inappropriate settings (Cahill *et al,* 2015). As a consequence, specialist care units are required offering care in relatively small household-type settings with specially trained staff and meaningful activities provided. However, where they exist in Ireland, they account for only 11 per cent of the long-term care facilities (54 units), and accommodate only 7 per cent of long-term care residents[66] (Cahill *et al,* 2015). This is despite the fact that more than 60 per cent of residents living in long-term care facilities are estimated to have dementia in middle and high-income countries (Cahill *et al,* 2015). A high proportion of the specialist units that do exist were also found to be caring for people in groups that are larger than the small group living arrangements that are recommended, and there were significant inequities regarding their location, with over 50 per cent of all specialist units in only four counties and long waiting lists for access to units in many areas.

A National Dementia Strategy was published in 2014 and funding has been promised for three priority areas over the next few years – intensive home care supports, GP education, and training and dementia awareness. This is welcome. However, the strategy's publication is only a first step and there are many other areas that also require investment, including day centres, respite services and other supports for

[66] By contrast, in the Netherlands for example, approximately 25 per cent of all long-stay care is small-scale dementia specific, and this proportion is intended to be increased to 33 per cent by 2015

carers, quality long-term care (at home and in care settings) and specialist care units, and evaluation and monitoring of all services.

Research and development in all areas of mental health are needed to ensure a quality service is delivered. Providing good mental health services is a necessary investment in the future wellbeing of the country. Public awareness-raising should continue, to ensure a clearer understanding of mental illness so that the rights of those with mental illness are recognised.

Suicide – a mental health issue

Suicide is the ultimate, and most deadly, manifestation of mental health issues. Over time Ireland's suicide rate rose significantly from 6.4 suicides per 100,000 people in 1980 to a peak of 13.9 in 1998, and to 11.7 suicides per 100,000 people in 2008 (National Office of Suicide Prevention, 2011).

There was a downward trend in the rate from 2003, which stopped in 2007, something attributed in part to the change in the economy by the National Office of Suicide Prevention (2011).

Statistics from the National Suicide Research Foundation suggests that there were 507 recorded suicides in 2012, of which 413 were males and 94 were females (2012 is the latest year for which rates are available). See Table A.3 in the online Appendices to this Report for statistics on suicides in Ireland, 2003-2012[67]. **S**uicide is predominantly a male phenomenon, accounting for approximately 80 per cent of such deaths. Young males in particular, are the group most at risk, although the rate for men remains consistently high at all ages up to mid-sixties (National Office for Suicide Prevention, 2014).

Identification of overall trends in suicide rates is a complex process, particularly when using international comparisons. Statistics from Eurostat suggest that where overall rates of suicide are concerned, Ireland ranked 11th lowest in the EU (based on the 2010 rate). However, where younger age-groups are concerned (15-19), Ireland ranked fourth highest for deaths by suicide at 10.5 per 100,000 population (National Office of Suicide Prevention, 2014).

The sustained high level of suicides in Ireland is a significant healthcare and societal problem. Of course, the statistics only tell one part of the story. Behind each of these victims are families and communities devastated by these tragedies. Likewise, behind each of the figures is a personal story which leads to victims taking their own

[67] Available on the *Social Justice Ireland* website at: http://www.socialjustice.ie/content/publications/type/socioeconomic-review-annex

lives. *Social Justice Ireland* believes that further attention and resources need to be devoted to researching and addressing Ireland's suicide problem.

Future healthcare needs

A number of the factors highlighted elsewhere in this review will have implications for the future of our healthcare system. The projected increases in population forecast by the CSO imply that there will be more people living in Ireland in ten to 15 years' time and many of them will be older people, as already stated. One clear implication of this will be additional demand for healthcare services and facilities. In the context of our past mistakes, it is important that Ireland begins to plan for this additional demand and begins to train staff and construct the needed facilities.

The system of Universal Health Insurance envisaged in the health reform strategy, 2012-2015, *Future Health,* was intended to facilitate access to healthcare based on need, rather than income. It has now been announced that this proposal has been dropped following an analysis of its costs, according to the Minister for Health (November 2015). *Social Justice Ireland* queried the timetable for its introduction on a number of occasions. However, access to healthcare based on need, not income, should remain an important aim for Ireland's healthcare system.

We share the concerns of the Council for Justice and Peace of the Irish Episcopal Conference (2012) about a lack of focus on health outcomes in Irish public policy on health. We agree with it that the:

> public health strategy should ... not only spell out goals for public health but also set out the role that each major field of intervention is expected to perform in achieving those goals, the implications for resource allocation that arise from such roles, and the mechanisms that will be used to ensure that spending actually goes to the areas where it will achieve greatest benefit'.

Key policy priorities on healthcare

- Increase the availability and quality of Primary Care and Social Care services.
- Restore medical card-coverage for all people who are vulnerable.
- Act effectively to end the current hospital waiting list crisis.
- Create a statutory entitlement to a Home Care Package. This will require increased funding, but may save the State money long-term, as HCPs allow people to remain living in their own homes, rather than entering residential nursing care.

- Create additional respite care and long-stay care facilities for older people and people with disabilities, and provide capital investment to build additional community nursing facilities. Implement all aspects of the dementia strategy.

- Increase educational campaigns promoting health, targeting particularly people who are economically disadvantaged, acknowledging that a preventative approach saves money in the long-run.

- Properly resource and develop mental health services, and facilitate campaigns giving greater attention to the issue of suicide.

- Institute long-term planning and investment in the sector, acknowledging the impending demographic changes in Ireland, to ensure that we can cope with these changes.

- Adopt a target to reduce the body mass index (BMI) of the population by 5% by 2021 and introduce a Sugar Sweetened Drinks tax to make progress towards this target.

- Continue the trend started by the last government by moving towards full universal healthcare for all. Ensure new system structures are fit for purpose, and publish detailed evidence of how new decisions taken will meet healthcare goals.

- Focus on obtaining better value for money in the health budget but without unfairly affecting lower income people or those with long-term illness or disability.

- Provide the childcare services with the additional resources necessary to effectively implement the Child Care Act.

- Enhance the process of planning and investment so that the healthcare system can cope with the increase and diversity in population and the ageing of the population projected for the next few decades.

- Ensure that structural and systematic reform of the health system reflects the key principles of the Health Strategy aimed at achieving high performance, person-centred quality of care and value for money in the health service.

8.

EDUCATION AND EDUCATIONAL DISADVANTAGE

CORE POLICY OBJECTIVE: EDUCATION AND EDUCATIONAL DISADVANTAGE

To provide relevant education for all people throughout their lives, so that they can participate fully and meaningfully in developing themselves, their community and the wider society.

Education allows people to live a full life. Living a full life requires both knowledge and skills appropriate to age, environment, and social and economic roles, as well as the ability to function in a world of increasing complexity and to adapt to continuously changing circumstances without sacrificing personal integrity (Department of Education and Skills, 1995). Education makes a fundamentally important contribution to the quality and well-being of our society. It is a right for each individual and a means to enhancing well-being and quality of life for the whole of society (ibid). Investment in education at all levels and throughout the life cycle can deliver a more equal society and prepare citizens to participate in a democracy. Education is one of the key policy areas that must be addressed urgently as part of the Policy Framework for a Just Ireland we set out in Chapter 2 under the pillar 'Decent Services and Infrastructure'. Education must also be available as a right as envisaged in Governance pillar of our policy framework, set out in the same chapter.

If these objectives are to be achieved *Social Justice Ireland* believes that Government should:[68]

- Commit to increasing investment in Early Childhood Care and Education by 0.1 per cent of GDP annually to meet the OECD average by 2021.
- Set an ambitious adult literacy target.

[68] Much greater detail on these and related initiatives is provided later in this chapter.

- Commit to reach the lifelong learning target set out in the National Skills Strategy and ensure sufficient resources are made available.
- Develop a long-term sustainable funding strategy for education at all levels.

Education in Ireland – the numbers

Despite Ireland having the youngest population in Europe with 28 per cent of the population aged 0-19, Ireland spends relatively limited amounts on education. Government expenditure on education as a proportion of total government expenditure is the ninth lowest in Europe (Eurostat, 2015)

There are just over one million full-time students in the formal Irish education system. Of these 555,134 are at primary level, 343,972 are at second level and 173,649 are at third level.

The Department of Education has begun to use the population projections by the CSO based on the census results to plan for future education needs, timing and spatial distribution. This is a very welcome development in education policy making. Using these figures, the Department of Education now projects the following possible increases in enrolment across the system:

- an additional 25,000 places will be needed at primary level between now and 2017 with enrolments to peak at over 574,000 by 2018;
- an additional 15,000 places will be needed at second level between now and 2017with significant increases projected in the years 2021-2025, to peak at an enrolment of over 400,000 in 2025;
- at third level, the number of full-time students is expected to continue to rise every year between 2015 and 2028; reaching 203,562 by 2028.

As outlined above Ireland is facing significant demographic pressures at all levels of the education system. This will require sustainable capital and current expenditure on education at all levels in the medium and long term. Ireland's expenditure on education equalled €7,869 billion in 2013. Over much of the last decade, as national income has increased, the share allocated to education has slowly increased; a development we strongly welcome. Real expenditure per student, (i.e., expenditure adjusted for inflation), increased by 9.6 per cent at primary level and by 5.5 per cent at second level over the period 2004-2013. However at third level there was a decrease of over a fifth (-20.4 per cent) in real expenditure per student over the same time period (CSO, 2015).

Investment and planning for future education needs

The fundamental aim of education is to serve individual, social and economic well-being and to enhance quality of life. Policy formulation in education should value and promote all dimensions of human development and seek to prepare people for full participation in cultural, social and economic life. It should also aim to fully accommodate the needs of all students within the education system. This requires investment in education at all levels, from early childhood right up to lifelong learning.

The National Risk Assessment (Department of An Taoiseach, 2015) identifies the lack of investment in education as one of the seven social risks facing Ireland. The report singles out human capital as an area for investment as our future economic performance will depend on the quality of Ireland's human capital.

Education is widely recognised as crucial to the achievement of our national objectives of economic competitiveness, social inclusion and active citizenship. However, the overall levels of public funding for education in Ireland are out of step with these aspirations. This under-funding is most severe in early childhood education and in the areas of lifelong learning and second chance education – the very areas that are most vital in terms of the promotion of greater equity and fairness. The projected increased demand outlined earlier in all areas of our education system must be matched by a policy of investment at all levels that is focussed on protecting and promoting quality services for those in the education system.

Skills development

Skills are the currency of the modern global knowledge-based economy. Failure to invest in skills development could lead to lower levels of innovation, high levels of unemployment and lower prospects for economic growth. OECD research (OECD, 2015) has stressed the necessity of fostering human capital for generating economic development. Education and adult learning are important drivers of economic, social and individual development. With changes in technology and globalisation, a failure to invest in education, skills development, and life-long learning could result in high levels of both vacant jobs and unemployment. For instance, the European Union has estimated that by 2020, 16 million more jobs will require high qualifications, while the demand for low skills will drop by 12 million jobs (European Commission, 2010).

The skills that are easiest to automate or outsource are the skills that are easiest to teach, routine cognitive skills. Educational success is now about creative and critical approaches to problem solving and decision making, and 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[69]. The Expert Group on Future Skills Needs (2015) have identified key skills required in Ireland, many of which have been developed since the current workforce completed formal education. Areas such as ICT, Big Data and Analytics, medical devices and biopharma all require continuous upskilling.

Despite recognition of the need for investment in education and human capital in the National Risk Assessment 2015, Government policy to date has been more focussed on reducing expenditure rather than increasing it. Capital grants at primary, post primary and further education level were cut in successive budgets from 2011 to 2015 as was the core pay and none core pay funding for Higher Education Institutions. The policy of expenditure cuts pursued during this period is at odds with a strategy of increasing investment in human capital. Investment is required at all levels of our education system. In reality this will mean increased expenditure, both current and capital at all levels and over a period of time.

In terms of planning for demographic pressures the Government has allocation €3.8 billion to education in the Capital Plan 2016-2021. The key objective of this plan is to meet the demand for new places at all levels. The Final Report of the Expert Group on Funding Higher Education points out that funding requirements for higher education should be benchmarked against the funding in those countries we aspire to emulate and compete with.

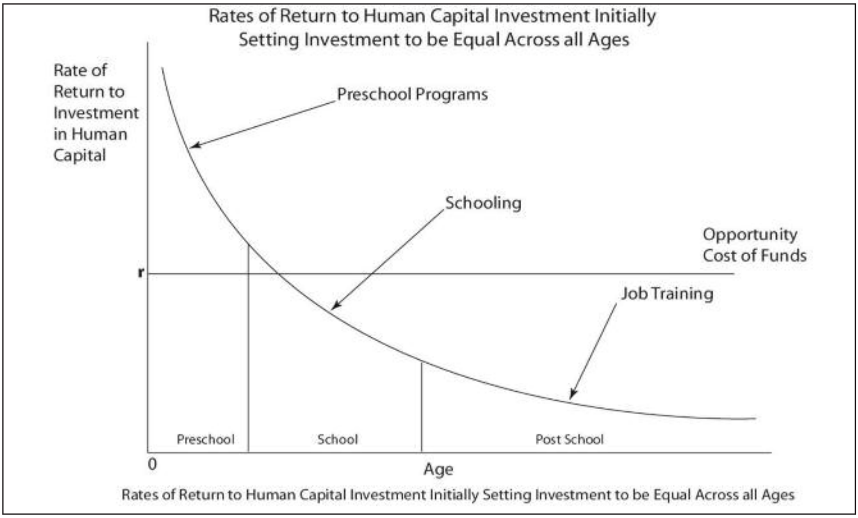
Early Childhood Care and Education

It is recognised that early childhood education and care has a profound and long-lasting impact on individual lives and on societies. It means that later learning is more effective and more likely to continue throughout life, lessening the risk of early school-leaving, increasing the equity of educational outcomes and reducing costs for society in terms of lost talent and of public spending on social, health and even justice systems (European Commission 2011). Early childhood education is associated with better performance later on in school. A recent OECD study found that 15 year old pupils who attended pre-primary education perform better on PISA testing (Programme for International Student Assessment) than those who did not, even allowing for differences in their socio-economic backgrounds (OECD, 2012: 338). This is mirrored in the PISA 2012 results for Ireland which show that Irish students who attended pre-school scored significantly better than those who did not (Department of Education and Skills, 2013). It is also well recognized that that the highest return from investment in education is between the ages of 0 to 5 (see figure 8.1). In short, early childhood is the stage where education can most

[69] http://oecd.org/general/thecasefor21st-centurylearning.htm

effectively influence the development of children and help reverse disadvantage (European Commission, 2011).

Figure 8.1: The Heckman Curve



Source: Carneiro and Heckman, 2003

The most striking feature of investment in education in Ireland relative to other OECD countries is its under-investment in early childhood education. Ireland spends 0.1 per cent of GDP on pre-primary education compared to an OECD average of 0.5 per cent (OECD 2012: 339). The introduction of the Early Childhood Care and Education (ECCE) Scheme in 2010 represented a positive first step in addressing this. The present ECCE scheme provides every child (between ages 3 years and 5 years and 6 months) with free pre-school education (that is, three hours of pre-school care for thirty-eight weeks in each year free of charge) for up to two years. It is important to make the distinction between early childhood care and education and quality and affordable childcare. ECCE, also known as the 'free pre-school' package is designed as an educational measure to better integrate the educational experience of young children. It is not to be confused with providing families with quality and affordable childcare. The issue of childcare is discussed in chapter 9.

ECCE in Ireland – some key data:

- In Ireland 46 per cent of 3 year olds are in ECCE compared with the OECD average of 74 per cent (OECD, 2015).
- Ireland has the highest rate of all OECD countries of children attending pre-primary education in private, non-government dependent institutions.
- Ireland is the only country in the EU with no public provision of ECCE for either age group (under 3 or over 3) (Eurydice/Eurostat, 2014).
- In Ireland CDP (continuous professional development) is not compulsory for educational and care staff in the ECCE sector (Eurydice/Eurostat, 2014).)
- The percentage of graduates working in the sector, at 15 per cent, is below the 60 per cent recommended level (European Commission, 2016)

The Inter-Departmental Working Group on Future Investment in Early Years and school aged care has recommended that Government policy in this area should be developed over a number of years focussing on three areas (i) incremental investment in fee subsidisation through existing and new programmes (ii) ensuring adequate supply to meet future demand and (iii) embedding quality in the sector. The working group estimates that based on current GDP, every 0.1 per cent increase in public expenditure on childcare and early education would require an additional expenditure of about €180m. Over a 5 year period, to reach the OECD average of 0.5 per cent GDP this would cost €720m.

The importance of investment in education is widely acknowledged and the rewards for both individuals and the state are clear. The Oireachtas Spotlight on Early Childhood Education and Care details that the return on investment can be as much as €7 for every €1 invested in a child. Longitudinal studies internationally also show returns of between three and ten times the original investment in children. Investment in the provision of quality and accessible universal early childhood education services for children will provide an economic and social return for many years to come. In order to provide such services investment is also needed in the area of staffing and staff qualifications. Consideration must also be given to the remuneration of this sector and how to attract and retain qualified and committed staff. Our success in educating future generations of pre-school children will be a major determinant of our future sustainability.

Primary Level Education

There are 555,134 students enrolled at primary level. Ireland has a pupil teacher ratio (PTR) of 16.2 at primary level and 15.0 at second level (CSO, 2013), the eight highest and the fifth highest in the EU respectively. The average class size in Ireland at primary level is 24.4, the second highest in the EU. Government should address this issue and take action to reduce class sizes at primary level.

Recent research from the Educational Research Centre (ERC) (2015) examined English Reading and Mathematics at 2nd and 6th class in primary schools. Students' performance has improved significantly, for the first time at primary level since the early 1980s. These very welcome improvements were evident in both DEIS and non DEIS schools. These results show that the targets set out in the National Literacy and Numeracy Strategy 2011-2021 for children at primary level have already been achieved. This strong performance gives the Minister for Education scope to set an ambitious new target following the interim review of the strategy in 2015. There is ample evidence to support more ambitious targets following the interim review. The ERC study also shows that there is still significant scope for improvement. The large proportion of very low achievers in reading in DEIS band 1 schools is worrying (44 per cent of pupils in 2nd class in DEIS band 1 schools performed at or below the lowest proficiency level on overall reading) and there is room for improvement on mathematics and problem solving across all schools.

Literacy standards in disadvantaged primary schools

One of the most alarming statistics from the OECD PIAAC (Programme for the International Assessment of Adult Competencies study is that the children of parents with low levels of education have significantly lower proficiency than those whose parents have higher levels of education, thus continuing the cycle of disadvantage. This complements research by Education Research Centre finds around 30 per cent of children in socially disadvantaged areas have serious reading difficulties. The inter-generational transmission of low levels of skills and educational qualification underscores the need for high-quality initial education, second chance educational pathways and improve the access and relevance of lifelong learning opportunities (with both academic and vocational tracks). Ongoing work with parents of children who have reading difficulties will be key in addressing this issue.

Second Level Education

343,972 students are enrolled in second level education in Ireland. Irish second level students performed relatively well in the 2012 PISA tests in reading, literacy, mathematics and science. The performance of Ireland's fifteen-year-olds shows a significant improvement on the 2009 performance. However, when compared with 2003 PISA results, the overall performance showed very little progress. Students from fee paying schools significantly out-performed those from non-fee paying schools, and students who never attended pre-school performed less well than those who attended pre-school (Perkins et al, 2013). The PISA findings suggest that while reading levels among the school-going population are better than the population generally, this difference is much smaller than might be expected. The fact that the proportion of male students unable to read at the most basic level (Level 2 PISA) is almost unchanged since 2000 (Perkins et al., 2013:143) must be a cause of considerable concern for policymakers. It is clear that fundamental reforms are needed to Ireland's education system to address this problem.

Progress on meeting the targets for second level set out in the national literacy and numeracy strategy at second level is slower than that at primary level. The impact of the measures to improve literacy and numeracy at second level (including Project maths) should be seen in the next round of PISA 2015. The strategy also proposes fundamental changes to teacher education and the curriculum in schools and radical improvements in the assessment and reporting of student progress at student, school and national level. Progress on this issue is overdue and budgetary and economic constraints must not be allowed to impede the implementation of the strategy.

Reform of the education system at second level is being implemented with the phased replacement of the Junior Certificate examination with the new Junior Cycle Student Award incorporating a school-based approach to assessment. This award was developed in response to weaknesses in the current model highlighted by the National Council for Curriculum and Assessment and to address the issue of second level students not achieving their potential and the wake-up call in Irish education of students failing PISA tests. *Social Justice Ireland* welcomes the new student centred approach to the Junior Cycle and the emphasis on helping students who are not performing well in Irish schools. In particular we welcome the emphasis on learners thinking for themselves, being creative in solving problems and applying their learning to new challenges and situations. It is important that such reforms be followed through to the Leaving Certificate to ensure policy coherence and a truly student centred approach in the second level education system. It is equally important that policymakers, whilst implementing a reform agenda, remember that the primary focus of education is to prepare students for life, not just for work.

Early School Leaving

Despite making progress Ireland still faces challenges in the area of early school leaving and young people not engaged in employment, education or training.

The proportion of persons aged 18-24 who left school with, at most, lower secondary education in Ireland was 6.9 per cent in 2013. However in disadvantaged schools this rate can be as high as 18 per cent[70]. The early school leaving rate has been

[70] http://www.education.ie/en/Publications/Statistics/Statistical-Reports/Retention-Rates-of-Pupils-in-Second-Level-Schools-2008-Cohort.pdf

decreasing steadily since 2002 and this is a very positive trend. In 2010 Ireland adopted a target of a reduction in the number of early school leavers to 8 per cent by 2020 as part of the EU2020 Strategy. Given that Ireland's percentage of early school-leavers was 11.5 per cent in 2010, when the European 2020 Strategy was adopted, the 8 per cent target adopted by the Irish Government was not at all ambitious, something that *Social Justice Ireland* has argued for years. Students from low economic backgrounds are twice as likely to be low performers in the education system which is associated with a lack of inclusion and fairness that they experience (OECD 2012). Early school leaving not only presents problems for the people involved, but it also has economic and social consequences for society. Education is the most efficient means by which to safeguard against unemployment and social exclusion. The risk of unemployment increases considerably the lower the level of education. Participation in high quality education has benefits not only for young people themselves but also for taxpayers and society. These benefits typically last over the course of individual's lifetime. A review of the economic costs of early school leaving across Europe confirms that there are major costs to individuals, families, states and societies (European Commission, 2013). That study showed that inadequate education can lead to large public and social costs in the form of lower income and economic growth, reduced tax revenues and higher costs of public services related, for example, to healthcare, criminal justice and social benefit payments.

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

Ireland's early school leaving rate must also be viewed in light of a very high NEET rate (young people aged 15-24 neither in education, employment nor training). Ireland has a NEET rate of 15.2 per cent (2014), which is higher than the EU-28 average of 12.4 per cent. When we look at the age group 18-24 years who are not in education, employment or training (NEETs), the rate was higher at just under 20 per cent in 2014, while the EU-28 average was 16.3 per cent. Thus the very significant disadvantages that flow from early school leaving and Ireland's relatively high NEETs rate suggests that early school leaving is an issue that requires attention from public policy. It may be time to try alternative approaches aimed at ensuring that people affected attain the skills required to progress in the future and can participate in society.

Ireland's National Reform Programmes (2011, 2014 and 2015) refer to the DEIS scheme (Delivering Equality of Opportunities in Schools) as a key measure in supporting the achievement of the national target in regard to early school leaving. Evaluation suggests that the DEIS programme is having a positive effect on educational disadvantage – including on retention rates (to Leaving Certificate) (Government of Ireland, 2013; 2014, 2015). However, unfortunately the DEIS scheme suffered cut-backs in Budget 2012, which were subsequently only partially rolled-back. More generally, capitation grants for schools have been cut by 10 per cent following the economic crisis in 2008 and were cut again in Budget 2015 and not restored in Budget 2016 (*Social Justice Ireland* 2014; 2015). This was done at a time of demographic change which means that there are increasing pressures on this budget.

Social Justice Ireland welcomed certain measures included in Budgets 2015 and 2016 (such as the increase in teaching posts); these are necessary to keep pace with demand due to demographic changes. Overall, we believe that the situation calls for a long-term policy response, which would encompass alternative approaches aimed at ensuring that people who leave school early have alternative means to acquire the skills required to progress in employment and to participate in society. Approaches in the area of adult literacy and lifelong learning are important in this context, something that we will come to later in this chapter.

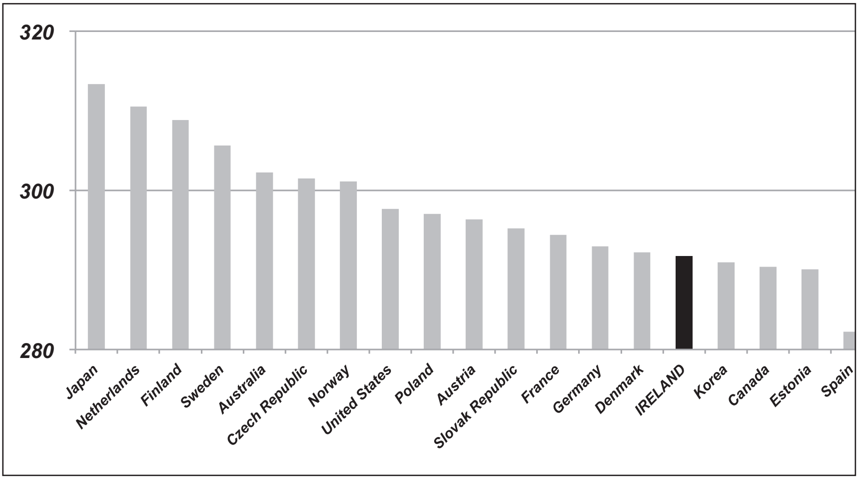
Higher Education

Full-time enrolment in higher education has increased by 25 per cent in the last decade to 173,649 students (CSO, 2015). Over the past seven years there has been a 20.4 per cent reduction in the amount of funding per student and a 30 per cent decline in the staff to student ratio. The future funding of higher education in Ireland has been considered by an Expert Group who released a series of reports in 2015. The group noted that the purpose and value of higher education is its ability to add to the understanding of, and hence flourishing of, an integrated social, institutional, cultural and economic life. It contributes to both individual fulfilment and the collective good. The group also highlighted the contribution that investment in higher education makes to society, and the social and economic returns of this investment in the form of higher tax contributions, lower call on welfare benefits, the contributions of graduates to social and economic development of the state and enhanced social mobility (Expert Group on Funding for Higher Education, Discussion Paper 1 January 2015).

Literacy levels for HEI Graduates

The findings for Irish HEI graduates from the OECD PIAAC survey are very disappointing. While the country might have one of the highest tertiary attainment rates for Europe and is well on its way of meeting the Europe 2020 target, the literacy findings from the PIACC study are a cause of concern. The PIAAC finding of mean literacy and numeracy score for adults with tertiary education is low relative to other participating countries (see chart 8.1). Ireland is the sixth lowest country in the mean literacy scores, out of 20 participating countries. The high labour costs in Ireland means most future employment will probably come from high skilled highly paid jobs. The limited skills of HEI graduates could impact on the country's chances of returning to full employment and steady and sustainable economic growth. Basic literacy skills are required for higher-order skills and 'learning to learn' skills, which are necessary for participating and engaging in the economy.

Chart 8.1: Mean literacy score for adults with tertiary education



Source: OECD PIAAC

Funding higher education

The purpose of higher education and how it is to be funded has become a topic of much discussion in Ireland. The CSO population projections indicate that considerable investment is required to ensure that the higher education sector in Ireland can continue to cope with the projected increased demand. However public funding for higher education in Ireland has been decreasing since 2009 despite steadily increasing enrolments both full and part time.

A report by the Oireachtas Library and Research Service outlines the changing purpose and nature of higher education and how the higher education sector has developed over time in Ireland. This report also outlines some of the challenges Ireland faces in terms of future funding for the sector. An Expert Group was established to examine the Future Funding of Higher Education in Ireland. This group produced a series of discussion papers examining various elements of the system and a final paper with recommendations in late 2015. In the discussion papers the expert group noted the need for benchmarking funding requirements against the funding in those countries we aspire to emulate and compete with. The Group outlined the funding challenge in terms of moving towards the levels of investment in countries such as Finland, the Netherlands, the US, Denmark and Sweden. The report outlined options available to Government such as student fees, a graduate tax, student loans and the Government remaining as the sole provider of funding for higher education (Discussion Papers June and October 2015). This is an issue that Government should develop a framework for sustainable funding revenues over the next five years with a roadmap to 2028. This framework should have clear medium and long term targets. Investment will have to increase significantly over the next decade, regardless of which option or funding model that Government decides to implement.

One of the recommendations of the National Strategy for Higher Education to 2030 is to establish some form of student loan system to make the financing of higher education sustainable. There are strong arguments from an equity perspective that those who benefit from higher education and who can afford to contribute to the costs of their higher education should do so. This principle is well established internationally and is an important component of funding strategies for many of the better higher education systems across the world. People with higher education qualifications reap a substantial earnings premium in the labour market which increases with age (OECD, 2012:140). The earnings premium in Ireland for those with higher education has increased by 22 percentage points since 2010. Third-level graduates in employment in Ireland earn on average 64 per cent more that those with a leaving certificate only (OECD, 2011). Ireland is one of the few countries where the relative earnings of 25-64 year olds with qualifications from tertiary type A (largely theory based) and advanced research programmes are more than 100 per cent higher than the earning of people with upper secondary or post-secondary education (OECD, 2013).

There has been much discussion regarding the future funding for Higher Education Institutions (HEIs) and how they might be configured in the future. In the 'National Strategy for Higher Education to 2030' the Higher Education Authority (HEA) discusses broadening the base of funding for HEIs and sets out in detail how a student contribution framework might be developed and managed. Various policy options for student contributions are discussed in a report to the Minister (Department of Education, 2009) and the fiscal impact of these options are outlined in detail. Further research concludes that an income contingent student loan rather than a graduate tax system would be the most equitable funding option for Ireland (Flannery & O'Donoghue, 2011).

There are also arguments against the introduction of fees for third level education, particularly in light of the absence of any complimentary strategy to ensure the long term future funding for the sector. These arguments relate to the possible costs of administering such a scheme, the risk of escalation in tuition fees and the prospect of there being no immediate saving to public expenditure as Government's loan guarantee would be recorder as General Government Expenditure (Healy and Delaney, 2014). Fees for part-time higher education courses are a barrier to people who wish to upskill or reskill throughout their lifetime. The policy challenge posed by these arguments is made more difficult by the lack of any alternative funding strategy for higher education. The Expert Group discussion paper on funding models for higher education details the advantages and disadvantages of a number of funding models including state funding, student fees, a graduate tax and employer contributions. Given the projected increases in student intake it is difficult to see how public spending on higher education can be curtailed and it would be extremely difficult to fund the sector on student loans alone. The sector will require long-term, sustainable Government funding to ensure that it can deliver what is expected of it in terms of human capital and engaging with society.

Adult Literacy

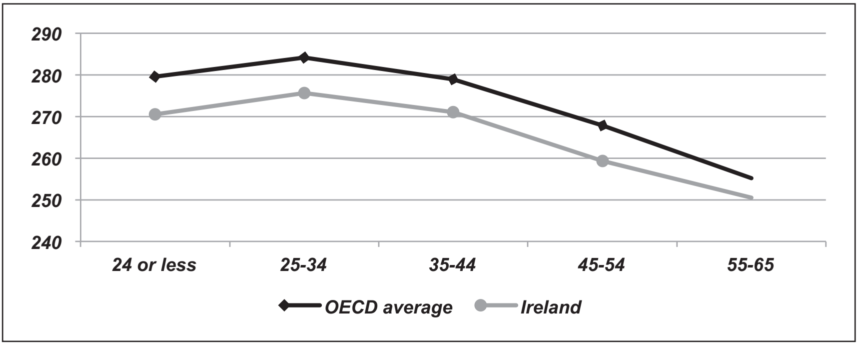
Literacy is defined as the capacity to understand, use and reflect critically on written information, the capacity to reason mathematically and use mathematical concepts, procedures and tools to explain and predict situations, and the capacity to think scientifically and to draw evidence-based conclusions (OECD, 2015). The OECD PIAAC study 2013 provides the most up to date data on adult literacy in Ireland.

On literacy, Ireland is placed 17th out of 24 countries with 18 per cent of Irish adults having a literacy level at or below level 1. People at this level of literacy can understand and follow only basic written instructions and read only very short texts (OECD, 2013). On numeracy, Ireland is placed 19th out of 24 countries with 26 per cent of Irish adults scoring at or below level 1. In the final category, problem solving in technology rich environments, 42 per cent of Irish adults scored at or below level 1. In other words, a very significant proportion of Ireland's adult population does not possess the most basic literacy, numeracy and information-processing skills considered necessary to success in the world today. The disappointing PIAAC results for Ireland reflect a significant section of Irish section imprisoned by vicious cycle of low skills-unemployment-poverty. Individuals with low skills levels in literacy are more than twice as likely to be unemployed; less likely to engage in skills development and training, experience poorer health, and less likely to participate in civic and political life.

In terms of literacy mean scores, Ireland is consistently below the OECD average see figure 8.2), in every age cohort. While significant progress has been made between the younger cohorts (15-35) compared to the older cohort (55-65), the gap between Ireland and the OECD average has increased. There is a larger difference between Ireland and the OECD average for younger people than for older people. This poor result undermines Ireland's long-term capacity to compete with other countries in an increasingly knowledge-based global economy.

The report also found that there is no statistical difference between average literacy scores of adults in Ireland from IALS in 1994 and PIAAC in 2012. In other words, the adult literacy strategy implemented by successive governments in the intervening years was grossly inadequate in terms of dealing with Ireland's adult literacy problem.

Figure 8.2: Averages for literacy OECD and Ireland 2012



Source: OCED PIAAC

The target for adult literacy policy set out in NAPInclusion was that 'the proportion of the population aged 16-64 with restricted literacy will be reduced to between 10 per cent to 15 per cent by 2016 from the level of 25 per cent found in 1997'. It seems that the targets in the NAP Inclusion were destined for attainment without any policy action on adult literacy (because of the trend for younger people to have overall better literacy levels) (Dorgan, 2009). This target was completely unacceptable and unambitious at the time and showed a lack of interest in seriously addressing the problem. The recent PIAAC results confirm this analysis. A new Further Education Strategy ('FET strategy') 2014-2019 published by SOLAS in 2014 includes reference to the issue of literacy and numeracy and includes 12 actions described as a 'literacy and numeracy strategy'. Key amongst these is a promotional campaign to elicit higher levels of engagement (SOLAS, 2014, p.100). However, it is disappointing that the FET strategy fails to set specific literacy targets or to commit additional funding. The serious issue of adult literacy deserves a detailed high-level strategy, one that that is more comprehensive than the commitments incorporated in the FET strategy. The case for ambitious literacy targets and investment in education and lifelong learning are further highlighted by Ireland poor performance in PIAAC. *Social Justice Ireland* recommends that new ambitious adult literacy targets be set in the context of the future social and economic development of Ireland, and that the necessary funding is provided to ensure that these targets are met.

Lifelong Learning

Equality of status is one of the basic democratic principles that should underpin lifelong learning. Access in adult life to desirable employment and choices is closely linked to level of educational attainment. Equal political rights cannot exist if some people are socially excluded and educationally disadvantaged. The lifelong opportunities of those who are educationally disadvantaged are in sharp contrast to the opportunities for meaningful participation of those who have completed a second or third level education. Unlike the rising earnings premium and earnings rewards enjoyed by those who have completed higher education, the earnings disadvantage for those who have not completed upper secondary education increases with age. Therefore, lifelong education should be seen as a basic need. In this context, second chance education and continuing education are vitally important and require on-going support.

Lifelong learning and community education also brings major social and health benefits to participants outside the labour force and this non-vocational element must also be resourced[71]. Ireland is significantly behind in lifelong learning participation rates compared to other European countries, see chart 8.2. The Lifelong participation rate in Ireland is 7.3 per cent. To put this into perspective, the participation rate target for the EU Lisbon strategy (2000-2010) was 12.5 per cent and Europe 2020 is 15 per cent. The fact that Ireland is not meeting the EU target for 2010, not to mention the 2020 target, illustrates how much progress Ireland needs to achieve.

The OECD recommends that lifelong learning opportunities should be accessible to all through systems that combine high-quality initial education with opportunities and incentives for the entire population to continue to develop proficiency in reading and numeracy skills, whether outside work or in the workplace, after initial education and training are completed. It notes that the joint impact of investing in the skills of many individuals may exceed the sum of the individual parts (OECD, 2015).

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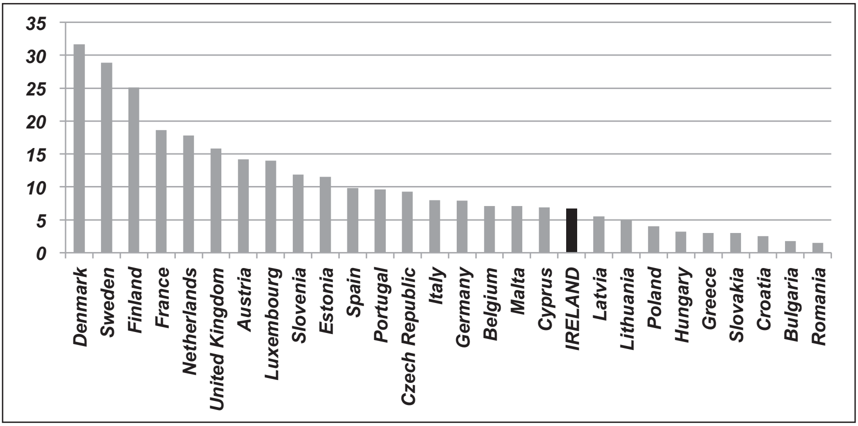
[71] http://www.aontas.com/pubsandlinks/publications/community-education-more-than-just-a-course-2010/

Chart 8.2: Lifelong learning participation rates EU 28 2014



Source: Eurostat, 2014

One of the six core objectives of the National Skills Strategy 2025 is increasing the number of people engaged in lifelong learning. The strategy commits to promoting and supporting lifelong learning, particularly in the workplace. The Strategy has set a national target of 15 per cent of adults engaged in lifelong learning by 2025 from a baseline of 6.7 per cent (National Skills Strategy, 2015:117). Participation rates in lifelong learning for employees in Ireland are less than half of the EU average (5.5 per cent compared to 11.4 per cent). The Strategy commits to improving adult and community education across Ireland, promoting the benefits of lifelong learning, increase opportunities for those in employment to engage in lifelong learning and giving greater recognition to workplace learning.

The commitment to lifelong learning in the national skills strategy is a very welcome development. As outlined earlier Ireland has a poor track record in lifelong learning participation. A focus on lifelong learning and the promotion of skills is a very welcome development when people now 'work for life' rather than have a 'job for life''. It is important to equip people with the skills they need to adapt to changing economic and social conditions throughout their lifetime. Without the necessary investment it will be difficult to meet the target of 15 per cent in 2025. It is important to sufficient resources are allocated to this strategy on a multiannual basis.

Various reports identify generic skills and competences as a core element of the lifelong learning framework. The report 'Sharing our future: Ireland 2025' (Forfas 2009) highlights the increasing range of generic skills that individuals require to operate within society and the economy. These include basic skills such as literacy, numeracy, use of technology, language skills, people related and conceptual skills. The report of the Expert Group on Future Skills Needs 'Tomorrow's Skills – Towards a National Skills Strategy' (2007) indicates that there is substantial evidence to show that employers regard generic skills as equal to, if not more important than, technical or job specific skills.

Eight key competences for lifelong learning[72] have been identified by the Council of Europe and the European Parliament (Council of Europe, 2006):

- Communications in the mother tongue (reading, writing, etc.);
- Communication in foreign languages;
- Mathematical and basic competences in science and technology;
- Digital competence;
- Learning to learn;
- Social and civic competences;
- Sense of initiative and entrepreneurship;
- Cultural awareness and expression

These key competences are all interdependent, with an emphasis in each on critical thinking, creativity, initiative, problem solving, risk assessment and decision making. They also provide the framework for community education and training programmes within the European Education and Training 2010 work programme and the Strategic Framework for European Cooperation in Education and Training (ET 2020) (European Commission 2011). These key competences should be included as part of the reform of apprenticeship programmes.

Many of these key competences are already included in one of the recommendations of the report of the review group of apprenticeship training which recommends that apprenticeship programmes should provide for the appropriate integration of transversal skills, particularly literacy, numeracy, maths, science and ICT. These competences could also form the basis of a system to recognise the enhanced skills of the flow of returning migrants. These migrants have gained significant and diverse skills whilst in employment abroad and a system to formally recognise this non-formal skill development will be needed.

SOLAS, the Further Education and Training (FET) authority published the new FET strategy in 2014. The publication has brought some strategic planning to the delivery of further education and training that had been lacking previously. The implementation of the strategy will be challenging and more needs to be done at

[72] http://ec.europa.eu/education/policy/school/competences_en.htm

government level to ensure that the further adult and community education sector achieves parity of esteem with other sectors within the formal system. This is particularly important when one considers that is it expected to respond to the needs of large sections of the population who have either been failed by the formal system of for whom it is unsuitable as a way of learning.

A Forfas (2014) report urged Government to invest in developing FET and Apprenticeship systems in order to ensure the delivery of more high quality, flexible and responsive education and training programmes that explicitly meet the needs of the learner and the employer and are flexible to local needs. The same report notes that skills development across all levels of the education and training system must remain priority and that managers be suitably upskilled to that they can recognise the value of education and training in terms of upskilling those who are in employment as well as those seeking employment.

The newly reformed Apprenticeship System will be important in terms of providing training and lifelong learning opportunities to those who are low skilled or those who are early school leavers. Twenty-five new apprenticeship proposals were approved in 2015 and an allocation of €10.5 million was made in Budget 2016 to support the expansion of the Apprenticeship system. A reformed system has the opportunity to provide flexible training, relevant skills and meaningful and clear progression paths to those involved. It can contribute to a strategy to help long-term unemployed people whose skills are now redundant to retrain for employment opportunities that have been identified in particular regions. It could also provide an opportunity to provide people with opportunities to upskill throughout their working life and contribute to a strategy to combat labour market polarisation.

Access to educational opportunity and meaningful participation in the system and access to successful outcomes, are central to the democratic delivery of education. Resources should be made available to support people who wish to engage in lifelong learning, in particular those people who completed second level education but who chose not to progress to third level education at that point. *Social Justice Ireland* welcomed the provision in the Technological Universities Act 2014 that a combined minimum of 30 per cent of all enrolments are to be in flexible learning programmes; professional or industry based programmes or mature learners. It is important that enrolment policies for higher education are revised and amended in conjunction with the reforms to further education and training and the targets for lifelong learning.

Conclusion

Education can be an agent for social transformation. The primary focus of education is to prepare students for life enabling them to participate in and to contribute to society. *Social Justice Ireland* believes that education can be a powerful force in counteracting inequality and poverty while recognising that, in many ways, the present education system has quite the opposite effect. Education and training are also crucial to achieving the objective of an inclusive society where all citizens have the opportunity to participate fully and meaningfully in social and economic life. The development of the education and skills of people is as important a source of wealth as the accumulation of more traditional forms of capital.

Key Priorities on Education and Educational Disadvantage

- Invest in universal, quality early childhood education.
- Commit to increasing investment in Early Childhood Care and Education by 0.1 per cent GDP annually to meet the OECD average by 2021.
- Set an ambitious adult literacy target and ensure adequate funding is provided for adult literacy programmes.
- Commit to reach the lifelong learning target set out in the National Skills Strategy and ensure sufficient resources are made available.
- Develop a long-term sustainable funding strategy for education at all levels (primary, post-primary and higher education).

9.

OTHER PUBLIC SERVICES

CORE POLICY OBJECTIVE: PUBLIC SERVICES

To ensure the provision of, and access to, a level of public services regarded as acceptable by Irish society generally

This Chapter looks at public services in a range of areas not addressed elsewhere in the book. These include childcare, public transport, library services, financial services, information and communications technology, telecommunications, free legal aid, sports facilities and regulation.

In this context if the objective of providing 'Decent Services and Infrastructure' which is a core pillar of *Social Justice Ireland*'s 'Policy Framework for a Just Society' is to be achieved, Government, in addition to proposals contained in earlier chapters, should also:[73]

- Develop and invest in an integrated public transport network.
- Increase investment in childcare infrastructure.
- Ensure the roll-out of broadband to all premises and households by 2020.
- Ensure all citizens can access a Basic Payment Account.

Public Transport

Access to adequate public transport is a basic expectation in a modern society. Families and households need proper access to local and regional amenities, including schools and hospitals, as well as a cost-effective way to maintain social networks with family and friends. The latest figures from the National Transport Authority show that the number of passengers using public transport is increasing. In 2014, both Dublin Bus and Bus Éireann saw passenger journeys increase by 3.7

[73] Much greater detail on these and related initiatives is provided later in this chapter.

per cent. There were 116 million journeys on Dublin Bus, 29.7 million journeys on Bus Éireann and 1.7 million journeys on the Rural Transport Programme. This trend is reflected in the figures for rail journeys. Passenger journeys on Luas services increased by 6.9 per cent in 2014, and Iarnród Éireann saw a 2.9 per cent increase in passenger journeys. The introduction of the LEAP card[74] in 2011 has seen integrated ticketing across public transport services in Dublin, Cork, Galway, Limerick, Waterford and Wexford.

Car dependency and the reliance of rural dwellers on private car access in order to avail of public services, employment opportunities, healthcare and recreational activities is a key challenge for policy makers. Transport policy must be included in planning for services, equity and social inclusion. The social inclusion element of an integrated rural, regional and national public transport system can no longer be ignored. The links between better participation, better health, access to public services, access to employment opportunities and a public integrated rural transport service have been documented (Fitzpatrick, 2006).

Lack of public transport and access to services can lead to isolation in many areas, particularly rural and commuter belt areas, where access to social outlets is more difficult. Social isolation, which is highest among the elderly, poor and minorities, has an adverse effect on health, in particular stress related disorders and anxiety (Cacioppo and Hawkley, 2003) and has been compared to other major health risks such as smoking (House, 2001). In addition, research also suggests that an increase in the use of public transport would have the effect of increasing physical activity by between an additional eight and 33 minutes of walking per day, leading to increased population health overall (Rissel et al, 2012).

Thus far there has been a failure to incorporate this knowledge fully into rural development policy. The Rural Transport Programme (RTP) has certainly improved access in some areas. However, the lack of a mainstream public transport system means that many rural areas are still not served. People with disabilities, women, older people, low income households and young people are target groups still at a significant disadvantage in rural areas in terms of access to public transport. In 2000 there was a call for a national rural transport policy and the prioritisation of government funding in this area (Farrell, Grant Sparks, 2000). Sixteen years later this policy has yet to be delivered. By 2021 it is estimated that the number of people with unmet transport needs could number 450,000 and of this group an estimated 240,000 will be from the target groups of vulnerable rural dwellers outlined above.

Improved rural public transport and improved accessibility to services also provide Ireland with an opportunity to deliver a key change which would in turn help

[74] http://www.transportforireland.ie/leap-card/about-leap-card/

deliver a significant reduction of climate harming gas (CHG) emissions (Browne 2011: 12). By investing in a sustainable national public transport system covering all rural areas government could significantly reduce CHG emissions in the long run. Investment in a national sustainable rural transport network will support access to employment, access to services and rural development.

A mainstreamed rural public transport service is required to service both those in need of rural public transport and those who are potential users. Costs cannot be the only consideration when reviewing how public transport operates in rural areas. Accessibility, end-user costs and frequency must also be considerations.

Childcare and after school care

Childcare costs in Ireland present a significant challenge to families. The average cost of childcare in Ireland represents a massive 35 per cent of a family's income. As a percentage of wages, net childcare costs in Ireland are the highest in the EU (European Commission, 2016). These costs also impact on the participation rate of women in the labour force. A recent study examining fiscal policies and female secondary earners in Europe pointed to the very high participation tax rate for women in Ireland. The 'Participation tax rate' (PTR) is the combined effect of gains in earned gross income, payments of income taxation and social insurance contributions alongside any losses of welfare entitlements. A participation tax rate of 50 per cent implies that half of the gains in earnings from commencing work are lost through changes to taxes and benefits. The PTR for women with two children returning to work as the secondary earner in Ireland is 94 per cent (Rastrigina & Veraschagina, 2015) the second highest in the EU behind the UK. For a mother returning to work who earns an equal amount to her partner, the participation tax rate is 65.1 per cent, still the second highest in the EU.

Research by the Vincentian Partnership for Social Justice (2015) quantifies the additional earning burden imposed on households by the high cost of formal childcare in Ireland. It shows that the minimum income cost required to afford formal childcare and all the essential elements of a socially acceptable minimum standard of living, is up to 150 per cent of the National Minimum Wage for Two Parent household compositions, and up to 260 per cent of the National Minimum Wage for One Parent household compositions[75].

Ireland does not have a strong track record of investing in childcare infrastructure and is reliant on the private sector to provide childcare for families. In Ireland, childcare and Early Childhood Care and Education have become entwined, despite the different

[75] Based on Minimum Essential Budget Standards (MEBS) model and Minimum Essential Standard of Living

functions that they both serve (for discussion on ECCE, see chapter 8). Ireland is one of five countries in Europe where the greatest gap in unmet demand for childcare is for children between the ages of 0-3 (Janta, 2014). A report by the Inter-Departmental Group established to advise Government on this issue made a number of recommendations including investment at all levels; in childcare, ECCE and after-school care. These recommendations are focussed on universal measures, on ensuring quality at all levels, and that the services are accessible and that supply can meet demand. Ireland has significant ground to make up in investing in this area, in comparison with our EU and OECD counterparts. With this in mind any windfall gains available to Government should be invested in our childcare infrastructure.

Library Services

Libraries provide an important social outlet and educational role in Ireland, with 17.1 million visits recorded annually[76]. They play an important role in ensuring access to information, and reading and learning material. 'They provide a focal point for community and intergenerational contact, and enable access to learning and an ever-expanding range of information for a wide constituency through an increasingly broad and varied range of media' (McGrath et al, 2010: 6). Recent research by the Carnegie Trust (2012) indicated that, overall, more than three quarters (79 per cent) of respondents in Ireland said that libraries were 'very important' or 'essential' for communities. This was higher than any other jurisdiction included in this research.

The latestst available statistics from the Public Library Authority (2011) further underscore the important function that libraries play in Ireland. In that year registered membership of libraries increased by 11.3 per cent to 900,811. Almost one in five of the population (19.6 per cent) is registered as a member of the public library service. Visits to full-time branches increased by 11.9 per cent to 16.45 million and estimated visits to all branches increased by 1.1 million over 2010 (Public Library Authority, 2011). While great improvements in services and facilities[77] available have been made, there have been reductions in funding for libraries over the past number of years. Total local authority expenditure on library stock has been decreasing and this is of particular concern in light of the growing demand for the service and the need to preserve quality (An Comhairle Leabharlanna, 2012).

A vision of a vibrant library service is articulated in the strategy *Opportunities for All: A Strategy for Public Libraries 2013-2017.* One of its key recommendations concerns the need for public libraries to 'explore the potential to secure additional funding

[76] http://www.askaboutireland.ie/libraries/public-libraries/fast-facts-and-figures/

[77] Improvements in book and journal collections, ICT infrastructure and electronic services

through philanthropy, enterprise, public-private partnership and other alternative sources' (Department of Environment, Community and Local Government 2013:35). The securing of additional funding should not be utilised as a means to further reduce funding to public libraries. This is particularly pertinent in light of the role of libraries as the public face of local government in the community, and Government's vision that they promote active citizenship and lifelong learning, and support the needs of both entrepreneurs and those seeking employment (Department of Environment, Community and Local Government 2013).

The issue of fees is viewed as a barrier to use, with An Chomhairle Leabharlanna's 2010 annual report concluding that the benefits of free access outweigh the value of the money gained. This is a particularly important point with regard to social inclusion, promoting active citizenship and lifelong learning. *Social Justice Ireland* welcomes the commitment in the library strategy towards equity of access for all through the provision of free core services by 2017. It is important that sufficient resources are made available to ensure this commitment is met.

The Library Capital Investment Programme 2016-2021 will allocate €22m over the period to build on past programmes and will provide a range of facilities for the local library service, including new and refurbished premises and mobile libraries. A proportion of funding is ring-fenced for the roll out of the Open Libraries initiative. This initiative, which is being piloted in three locations at present, allows users to access the public library from 8am to 10pm seven days a week. Of concern to *Social Justice Ireland* is that the operation of libraries on an Open Library basis will be a condition of funding provided under the Library Capital Investment Programme[78]. The Open Libraries programme is still in pilot phase and has not yet been evaluated or reviewed. Capital funding is needed by libraries to upgrade collections, improve ICT facilities and enable them to deliver services to the community. It seems unwise to attach a condition that could delay the drawdown of this funding.

Public libraries play a crucial role in Irish society and have the potential to play an even more important role into the future. *Social Justice Ireland* believes that, as part of our commitment to providing a continuum of education provision from early childhood to third level to onto lifelong learning, Ireland needs to recognise the potential that the library service offers. Libraries are obvious centres with capacity to support these objectives. To play this potential role, continued support for, and expansion of, the library service is essential.

[78] http://www.environ.ie/local-government/community-services/public-libraries/minister-alan-kelly-announces-new-library

Financial Services

Access to finance, particularly in today's increasingly cashless society, is key to inclusion in society generally. Collard and Kempson (2005) found that those on low incomes are often restricted from accessing mainstream credit, turning instead to subprime and high-cost credit alternatives. While a low income does not always mean over-indebtedness, the report found that there was a significantly higher instance of over-indebtedness among households with gross annual incomes of under £10,000 (23 per cent) than among households of more than £35,000 (5 per cent). The result of this financial exclusion (Corr, 2006) is that over-indebted and low income consumers are excluded from banking services on the basis of charges and conditions attaching; affordable credit on the basis of conditions attaching and difficulty of the application process; and insurance, as low-income consumers are more likely to live in disadvantaged areas, incurring a higher premium. Gloukoviezoff (2011) defines the process of financial exclusion as (2011:12):

...the process whereby people face such financial difficulties of access or use that they cannot lead a normal life in the society to which they belong.

In their 2011 study, Russell et al (2011) found that Ireland had the highest instance of banking exclusion among the EU15 States and that those who are economically and socially disadvantaged, and those on low incomes, are at most risk of financial exclusion (2011:29).

The Report of the Steering Group on Financial Inclusion recognised the social and economic consequences of financial exclusion (Department of Finance, 2011:11) and recommended as a 'first necessary step' the introduction of a BPA (basic payment account) to enable users to 'move from managing their affairs entirely in cash to electronic money management' (2011:23). The BPA was introduced by an amendment to the Finance Act, 2012 (section 104), as one of the key drivers of the Government's Financial Inclusion Strategy. To date, there is no information regarding the roll out of the BPA, use of the BPA among the financially excluded or any evaluation of the impact it may have had in returning to mainstream financial services.

The Post Office Network Business Development Group (2016), in a recent report, pointed to the development of a BPA as one of the financial services that An Post is currently developing as part of a suite services that the post office network would offer to customers in the future. *Social Justice Ireland* welcomes this proposal as it would make a BPA accessible to people in areas not served by a bank branch.

Financial literacy, the ability to understand the financial options available, including the pros and cons, is an important component of financial inclusion.

Social Justice Ireland welcomes the initiatives of the Competition and Consumer Protection Commission in tackling this important issue and making available resources for all ages and abilities. Appropriate resources should be made available to continue this work.

Information and Communications Technology

Prices for fixed broadband in Ireland are almost double the EU average (European Commission, 2016). Although coverage and take-up of fast broadband has increased considerably in the past year, Ireland is categorized as one of the EU member states considered to be 'lagging behind'. This is due to the low take up of fixed broadband and slow progress on improving digital literacy and improving access to broadband across the country.

'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 consumers, or as citizens saving time and money in offline activities and using online public services' (European Commission, 2008: 4). The OECD Adult Skills Survey (PIAAC - discussed in more detail in chapter 8) examined adult competency in problem solving in technology rich environments. The results show that 10 per cent of Irish adults stated they had no computer experience, 5 per cent failed the assessment and 42 per cent scored at or below Level 1 on the assessment. These figures highlight the gaps in digital literacy and digital skills that remain in Ireland.

Only 44 per cent of Irish adults have sufficient digital skills to be able to operate effectively online – down from 53 per cent in 2014 (European Commission, 2016). Despite the strong growth in internet connections almost one in five Irish adults have never used the internet, with over half of people aged 60 to 74 having never used the internet (Department of Communication, Energy, Natural Resources, 2013). The fact that just 56 per cent of internet users in Ireland use eGovernment actively, is of concern given the moves to increase the digital interface with public services, especially in rural areas as part of Government's digital strategy for delivering public services.

With this increasing focus on digital communication and a move to the delivery of services via electronic formats, Government needs to show sustained commitment to counteract the issue of digital exclusion, in particular for the more vulnerable sectors of society. The Government in phase 1 of the National Digital Strategy 2013 committed to getting 288,000 people "on line" over the period to 2016. This target should be carefully monitored, and the outcomes and effectiveness of the interventions (such as BenefIT 4) reviewed. Continued roll out of a strategy to increase the digital literacy of the population is critical given the low levels of digital literacy skills among the general population.

At an economic level this is essential to promote competitiveness and effectiveness, while at a social services level it is essential to ensure digital exclusion does not become another form of exclusion being experienced by those who are already vulnerable. This is particularly pertinent for rural dwellers, who having experienced the removal of some public services, are now expected to access public services via digital and electronic format. Government has committed to the roll out of the fibre infrastructure for rural broadband (see chapter 12 for details). This will be essential to ensure that people living in rural areas have the same access to public services electronically as their counterparts in urban areas.

Telecommunications

There are two issues of note in the area of telecommunications. Firstly, the Commission for Communications Regulation (ComReg) has put in place a system to ensure that a basic set of telecommunications services is available to all consumers throughout the country. This is known as a Universal Service Obligation (USO). The services to be provided include: meeting reasonable requests for connections at a fixed location to the public communications network and access to a publicly available telephone service; provision of directory services and maintenance of the national directory database; public telephone provision; specific services for disabled users; affordability of tariffs and options for consumers to control expenditure (ComReg, 2011: 13).

Secondly, as part of the Digital Agenda for Europe, the European Commission has set targets of 30mbps broadband for all citizens and 50 per cent of citizens subscribing to 100mbps by 2020. While there have been substantial increases in the numbers of people connecting to the internet and subscribing to high speed broadband, Ireland is still performing badly in relation to the roll-out and take-up of advanced broadband services, particularly in rural areas. Ireland now ranks 8th out of the 28 EU member states, with subscriptions for high speed broadband increasing by 6 percentage points in 2015. In Ireland only 8 per cent of households in rural areas are covered by high speed broadband, compared to the EU average of 25 per cent.

The Department of Communications, Energy and Natural Resources has published an intervention strategy to ensure that those households and businesses which do not have access to broadband at present will have coverage by 2020. The intervention strategy is focussed on the area where the 30 per cent of households and businesses which are not and will not be served by private broadband providers are based.

The intervention strategy sets out the following targets for build-out in the intervention area:

- 60 per cent of addresses passed by 2018; and
- All addresses passed by 2020

The National Broadband Plan commits to:

- 70Mbps – 100Mbps to more than half the population by 2015;
- at least 40Mbps, and in many cases much faster speeds, to at least a further 20 per cent of the population and potentially as much as 35 per cent around smaller towns and villages; and
- a minimum of 30Mbps for every remaining home and business in the country – no matter how rural or remote (Department of Communications, Energy and Natural Resources, 2012:1).

The targets and actions set out in the intervention strategy are welcome. Immediate and swift action and investment is required to ensure that these targets are met. The cost and quality of the delivery fibre broadband infrastructure, particularly to rural areas, will need to be monitored carefully.

Free Legal Aid

The function of laws in democratic society is to protect the rights of citizens from unjust attack. While the distribution of rights is not explicitly discriminatory, access to their protection for those on low income can be difficult to secure. The Legal Aid Board provides advice and representation for those on low income on civil legal matters. Civil legal aid is subsidised, but it is not free. Those in need of civil legal aid are subject to means testing and pay a fee of between €30 and €150 for this service. Their case is also subject to a merits test, to ascertain if the case has a chance of success.

The range of civil legal services provided by the Legal Aid Board includes those relating to family law matters (including separation and divorce and custody), debt, and wills and inheritance. While not directly providing criminal legal aid, the Legal Aid Board is also responsible for the management and administration of three criminal legal aid schemes – the Garda Station Legal Advice Revised Scheme, the Legal Aid – Custody Issues Scheme, and the Criminal Assets Bureau Ad-hoc Legal Aid Scheme.

A recent report examining the impact of the economic downturn on civil legal aid schemes found that the regressive nature of most of the changes to the state-funded civil legal aid scheme disproportionately impacted on vulnerable and marginalised groups (FLAC 2016). The report found that the Legal Aid Board suffered cuts in both staffing levels and funding during the recession. It noted that cuts in funding for the Legal Aid Board and the decision to raise costs for legal services had the inevitable effect of both to deter and to deny access to justice. While funding has increased since 2011, it is still below 2008 levels, despite much greater demand. These cuts, combined with increased demand, have led to lengthy delays in the provision of services. The Legal Aid Board (2015) noted in its most recent Annual Report that although some progress has been made, waiting times are still a significant challenge for the board. *Social Justice Ireland* calls on Government to increase funding to the Legal Aid Board; both for staffing, and to ensure the timely provision of services. We also propose that the remit of the Legal Aid Board should be expanded to include legal services in areas such as debt, housing, social welfare and employment. Appropriate resources should be made available to facilitate such an expansion.

Sports Facilities

Sport is an important part of Ireland's social and cultural heritage. Research has found that youth involvement in sport has helped combat social problems and antisocial behaviours such as drug and alcohol addictions, truancy and petty crime (Jarrett, Sullivan and Watkins, 2005).

Under the Department of Transport, Tourism and Sport, the Sports Capital Programme aims to support local communities to engage in sports programmes that benefit those communities, prioritises the needs of disadvantaged areas in the provision of sports facilities, and encourages the multi-use of sports facilities by local community groups by providing grants to individual organisations.

The Department recently published the National Physical Activity Plan as part of the Healthy Ireland framework. The plan contains targets for eight key action areas. These action areas include children and young people, work places, public awareness, and sport and physical activity in the community. The plan aims to increase Ireland's physical activity. It notes that lack of physical inactivity is one of the leading risk factors for poor health and is now identified by the World Health Organization (WHO) as the fourth leading risk factor for global mortality.

Ireland does not perform well in measures of physical activity. The Sport Ireland Irish Sports Monitor (ISM) annual report for 2013 indicates that the percentage of people who are highly active is just 31.3 per cent. The Children's Sport Participation and Physical Activity study (CSPPA) (2010) found that only 19 per cent of primary and 12 per cent of post-primary school children met the physical activity recommendations[79] and these proportions have not improved since 2004. The

[79] At least 60 minutes of moderate to vigorous activity daily

study also found significantly more primary and post-primary participants from lower socioeconomic backgrounds never participate in extra-school sport, in comparison to those in higher socio-economic backgrounds. Growing Up in Ireland, the National Longitudinal Study of Children, study found that only one in four nine-year-olds met the recommendation of at least 60 minutes of moderate to vigorous activity daily. In order to ensure these targets are met, a series of programmes aimed at increasing public awareness and increasing participation in physical activity should be resourced. Sufficient resources should be made available to ensure that the targets set in the National Plan for Physical Activity are met. One method of ensuring adequate resourcing would be the introduction of a Sugar Sweetened Drinks Tax[80], with the revenue generated used to fund the sports, public awareness and physical activity programmes required to reach those targets.

While funding is available in respect of sports facilities, no specific funding is allocated to participation initiatives to motivate people to engage in sport and to reduce the rate of those dropping out of sporting activities. A recent report from the ESRI (Lunn, Kelly and Fitzpatrick, 2013) identified a number of policy implications aimed at retaining participation rates post-primary school (when participation rates in sporting activities are at their highest, at almost 90 per cent), which include: making physical education an examinable subject to combat drop-out rates at secondary school level, particularly in exam years; increased participation programmes involving local community organisations to encourage adult participation; and consideration by the GAA of ways in which participation post-second level education might be continued. The first of these policy implications was supported by a survey undertaken by a major health insurance provider which found that 80 per cent of teachers believed that physical education should be examinable. However, with straitened resources in schools and education policy currently under pressure for other reasons, it is unlikely to happen in the coming years. Small initiatives such as the Go for Life Small Grant Scheme, which awarded almost €300,000 in grants to older persons' groups in 2014, and local Sports Partnerships are encouraging adult participation in sport at local level. However, in order to be effective regular and sufficient funding is required.

The role of the GAA in local communities cannot be overstated. It not only provides a physical outlet for those playing the games, but also a social and recreational space for communities to get involved in fundraising and volunteering activities. The Strategic Report 2015-2017 (GAA, 2014) of the GAA has as a primary strategic goal 'to increase player and member participation and to support the continued growth of the Association'. The strategies for achieving this goal include the development

[80] For full details on a joint proposal from the Irish Heart Foundation and *Social Justice Ireland* see http://www.socialjustice.ie/content/publications/reducing-obesity-and-future-health-costs-proposal-health-related-taxation

of a recruitment programme; implementing new participation models in communities, including development of participation centres in each county; increasing participation in recreational games across the Association targeted at specific groups; targeted retention programmes for the 12 to 20 year age group (the group identified as most at risk of drop-out by the ESRI); reviewing coaching and fixture programmes; and establishing the Respect Programme as a core element of the game.

In September 2014 the Government introduced an exemption for Community Sports Clubs from rates on those facilities used solely for sports, with only those parts of the buildings used for commercial purposes (such as bars, shops, cafes and so on) being subject to rates. While *Social Justice Ireland* welcomes this exemption, increasing as it does the revenue available to sports clubs, it is not enough to address the overarching need to increase participation throughout the lifecycle. Government must be cognisant of the health, societal and economic benefits of sports and social outlets and provide sufficient ring-fenced funding for the promotion and retention of participation.

Regulation

Regulatory policy has been lacking in Ireland for decades. While financial regulation is probably to the forefront of people's minds in this context, a lack of vision and direction in the areas of energy, communications and healthcare has created a position whereby regulation is used as a means to protect competiveness in an increasingly privatised marketplace, rather than a method of consumer protection. *Social Justice Ireland* believes that regulation has a place in protecting the rights of the vulnerable by addressing the balance of power when engaging with corporations, but not be so involved as to increase bureaucracy, creating a barrier rather than a safety net.

Government introduced the Regulation of Lobbying Act in September 2015. The purpose of the Act is to provide for a web-based Register of Lobbying[81] to make information available to the public on the identity of those communicating with designated public officials on specific policy, legislative matters or prospective decisions. All lobbying information will now be publicly available and all organisations must register all lobbying activity on a quarterly basis.

A recent working paper on the history and future of regulation in Ireland (Brown and Scott, 2010) credits EU liberalist policies for the transition of the regulatory structure from one of State ownership to one of a single open market. This had a knock-on effect on public perception of State-owned entities as inefficient, poor

[81] https://www.lobbying.ie/

quality and highly subsidised with no incentive to reduce cost or improve services (2010:7). Increasing privatisation, while not as extensive as in other countries, saw the State divest itself of organisations in areas including telecommunications, finance and air travel; areas that did not benefit from State intervention. Where the State retained an interest in companies, such as VHI and Bord na Mona, regulation was separated from total State control to provide for competition from private operators.

Ireland has also seen a steady rise in the number of State agencies, which has peaked in the last number of years. Brown and Scott (2010) attribute this to a 'taken for granted-ness' that regulatory agencies will solve all regulatory problems. However, given the fractious nature of the establishment of these agencies, and their diverse reporting requirements to their governing Departments, increased agencification has not had the effect of creating a unified regulatory platform. Instead, it has created a plethora of divergent agencies with varying levels of political involvement.

The OECD, in its report on regulation in Ireland (2010), acknowledged the work undertaken by the Irish Government since the downturn in seeking to address the regulatory issues that contributed to the crash, but found that progress in this area was slow and that the structures and communications needed to be simplified.

Social Justice Ireland believes that regulation should not have at its centre the aim of increasing market participation over consumer protection. Before engaging in any new regulatory processes, the Government should ensure that the rights of its citizens are protected, including the right to a reasonable standard of living with access to basic services at a reasonable cost.

Key policy priorities for public services

- Develop an integrated public transport network ensuring that commuters can access local, regional and national transport services.
- Invest in infrastructure to enable the delivery of accessible, universal, quality and affordable childcare
- Ensure adequate support and funding of public library services, including capital funding, is made available without conditions that might delay drawdown.
- Complete the roll out of broadband to all households and premises across the State by2020 and ensure that the targets of the intervention strategy are met.
- Set ambitious digital literacy targets and provide sufficient resources to ensure these targets are met.
- Ensure all citizens have access to a Basic Payment Account.

10.

PEOPLE AND PARTICIPATION[82]

CORE POLICY OBJECTIVE: PEOPLE AND PARTICIPATION

To ensure that all people from different cultures are welcomed in a way that is consistent with our history, our obligations as world citizens and with our economic status. To ensure that every person has a genuine voice in shaping the decisions that affect them and that every person can contribute to the development of society.

People have a right to participate in shaping the decisions that affect them and to participate in developing and shaping the society in which they live. These rights are part of the 'Good Governance' pillar in *Social Justice Ireland*'s 'Framework for a Just Society' set out in Chapter 2. In this chapter we set out some of the implications of these rights and how they might be met in Ireland today.

If the objectives set out above are to be achieved *Social Justice Ireland* believes that Government should:[83]

- Focus on combatting racism and discrimination, and promoting interculturalism in Ireland
- Take a leadership role within the EU and UN on meeting the challenge of the migrant crisis in a way which respects human dignity.
- Adequately resource the Public Participation Network (PPN) structures for participation at Local Authority level and ensure capacity building is an integral part of the process.
- Ensure that there is real and effective monitoring and impact assessment of policy implementation using an evidence-based approach and involving a wide

[82] Annex 10, containing additional information relevant to this chapter, is available on the *Social Justice Ireland* website: http://www.socialjustice.ie/content/publications/type/socioeconomic-review-annex

[83] Much greater detail on these and related initiatives is provided later in this chapter.

range of perspectives in this process, thus ensuring inclusion of all sectors in a new deliberative process of social dialogue.

People

Migration issues of various kinds, both inwards and outwards, present important challenges for Government and Irish society. The circumstances that generate involuntary emigration must be addressed in an open, honest and transparent manner. For many migrants immigration is not temporary. They will remain in Ireland and make it their home. In turn, Irish people are experiencing life in different cultural contexts around the world. Ireland is now a multi-racial and multi-cultural country and Government policies should promote and encourage the creation of an inclusive and integrated society in which respect for and recognition of diverse cultures is an important right for all people.

The key challenge of integration

The rapid internationalisation of the Irish population in recent years presents Ireland with the key challenge of avoiding mistakes made by many other countries. Census 2011 showed that there were a total of 544,357 non-Irish nationals – representing 199 different nations - living in Ireland. (CSO, 2012). It also showed that that 268,180, or 15 per cent, of the workforce were non-Irish nationals. In 2014, 85,724 foreign nationals were assigned PPSNs with the main countries of origin being UK, Poland, Romania and Brazil. This follows a progressive increase from the low of 2011 when 58,258 new PPSNs were issued (CSO, 2015). We can expect this trend to continue and for Ireland to become an ever more diverse society. Government focus should be on integration rather than on isolating new migrant communities.

Despite our tradition of solidarity with peoples facing oppression, racism is an everyday reality for many migrants in Ireland. Preliminary figures from the European Network against Racism show no reduction in the number of racist incidences reported in the first six months of 2015 with the majority of cases occurring in a person's local workplace or in the home (ENAR, 2015). This consistency in reported racism is very worrying and *Social Justice Ireland* urges Government to provide leadership in dealing with the issue. An integrated policy response is needed to address the root causes of racism within communities; political and institutional responses are required to address this problem in order to prevent it deteriorating. The establishment of Citizenship Ceremonies and the reforms to the procedure of assessing and processing citizenship applications are welcome and have the potential to promote inclusiveness and integration.

The fourth report in 2012 of the European Commission against Racism and Intolerance (ECRI, 2013) made wide ranging recommendations for change. In a review of progress in March 2015 (ECRI, 2015) they concluded that while some required legislation had been drafted, it had not yet been fully enacted or implemented. *Social Justice Ireland* calls on Government to fulfil the recommendations of the Commission in full.

Discrimination against Travellers

In Irish society, Travellers have often faced discrimination and the state has been slow to recognise Traveller's culture to be respected as a right. While the structures recommended by the Task Force on the Travelling People have been established, it is very important to ensure that the recommendations of the report are fully implemented. The fourth report of the ECRI highlighted the fact that Travellers still face problems related to adequate accommodation and recommended that Government introduce measures binding on local authorities to support the National Traveller/Roma Integration Strategy and fully implement the 1998 Traveller Accommodation Act. According to Pavee Point (2013), Traveller services have been disproportionately hit during the austerity programme, and the impact of these cuts must be reversed. This is particularly important as Travellers have a lower life expectancy rate and a higher rate of chronic diseases than the rest of the population. We welcome the current consultation process on a new National Traveller and Roma Inclusion Strategy, and recommend that it lead to the implementation of comprehensive measures to enhance the wellbeing of Travellers, in particular with regard to physical and mental health.

Migrant Workers

The latest figures from the Central Statistics Office for nationality and employment are presented in Table 10.1. They show that after a significant fall between 2008 and 2011 the numbers of non-Irish nationals in employment has begun to increase, though the numbers in employment have yet to recover to the peak level in the fourth quarter of 2007.

There has been criticism of Irish immigration policy and legislation specifically due to the lack of support for the integration of immigrants and a lack of adequate recognition of the permanency of immigration. The Migrant Rights Centre of Ireland (MRCI:2014,2015) has highlighted specific areas of concern including:

- Work permits are issued to employers, not to employees, which ties the employee to a specific employer, increasing their vulnerability to trafficking, exploitation and reducing their labour market mobility.

- The Irish asylum process can take many years and most refugees coming onto the Irish labour market are *de facto* long-term unemployed. A process for training and education of asylum seekers is needed so that they can retain and gain skills.
- An analysis of the European Labour Force survey put the over qualification rate for migrants in Ireland at 41%. Without an efficient system for recognising migrants qualifications, they can become trapped in low paid jobs, and unable to contribute to Irish society to their full potential.
- The existence of up to 26,000 undocumented migrants working in Ireland, one in five of whom has been here for over ten years. Without credentials they are denied access to basic services and vulnerable to exploitation by employers. The Irish Migrant Rights Centre has proposed an Earned Regularisation Scheme to provide a pathway to permanent residency (Migrant Rights Centre Ireland, 2014).
- The second generation of migrants will enter the labour force in the coming years. Developing a real intercultural strategy encompassing healthcare, education, dependent care is essential to ensure that they integrate into rather than separate from mainstream Irish society.

Table 10.1: Estimated number of persons aged 15 years and over in employment and classified by nationality Q4 2007- 2015, by '000

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Irish	1,814	1,756	1,630	1,586	1,578	1,580	1,626	1,653	1,682
Non-Irish	341	327	292	271	270	269	284	286	301
Including									
UK	57	54	53	48	45	46	50	51.0	53
EU15 excluding Irish and UK	32	31	32	31	30	29	28	20	17
EU15 to EU28 states	171	162	133	124	124	126	130	133	138
Other	81	80	73	68	71	68	76	80	93
TOTAL	2,156	2,084	1,921	1,857	1,848	1,849	1,910	1,939	1,984

Source: CSO QNHS Series (2008-2016). 2007-2015 Q4

Refugees and Asylum Seekers

Within the last three and a half years the number of refugees worldwide has risen by 45%. The United Nations High Commission for Refugees (UNHCR: 2015) estimates that 59.5 million individuals were forcibly displaced as a result of persecution, conflict, generalized violence, or human rights violations by the end of 2014. This increased by a further 5 million in the first half of 2015. The majority of the most recent rise has been due to the conflict in Syria, leading to major migration to the neighbouring countries of over 4 million men, women and children. Other major sources of refugees include Afghanistan, Somalia and South Sudan. Half of the top 10 refugee-hosting countries are now located in sub-Saharan Africa, with four of them being least developed countries, who are least able to cope. Other countries with large refugee populations include Turkey, Pakistan and Iran. However, it is the inward migration to Europe which provided the news focus during 2015.

The EU is a destination of choice for many migrants, and it is estimated that just under one million first time asylum applications have been made in the EU in 2015, causing a particular challenge for countries on the south eastern borders (IMF: 2016). The work of the Irish Navy in rescuing migrants from the Mediterranean has been very welcome, and should be continued. However the EU and Ireland's response to the crisis overall has been inadequate. Ireland has announced that it will accept just 4,000 people out of an EU total of 160,000 under a resettlement programme (DJELR: 2016). An allocation of €25m in Budget 2016 is welcome, but must be open to upward review as the situation evolves.

Irish people have our own experiences of emigration, historically due to hunger and more recently due to a lack of economic opportunities at home. In addition, we have had a long tradition of solidarity with people facing oppression within their own countries. Unfortunately, that tradition is not reflected in our policies towards refugees and asylum-seekers. *Social Justice Ireland* believes that Ireland should use its position in international forums to highlight the causes of displacement of peoples. In particular, Ireland should use these forums to challenge the production, sale and free access to arms and the implements of torture. Ireland should also take a leadership position within the EU promoting a human rights and humanitarian approach to addressing the refugee crisis, and challenge the "closed border" policy of some governments.

Part of the debate in Ireland has centred around the myth that we do not have the resources to cope with an influx of refugees while Irish people are struggling with poverty and homelessness. *Social Justice Ireland* strongly contends that the issue not one of competing priorities, but of the more equitable allocation of resources and policies to promote a more just society for all.

A review by the IMF (2016) suggests that rapid labour market integration of refugees has important economic, fiscal, and social benefits and that displacement effects on native workers—a major political concern—are likely to be short-lived and small. It is therefore essential that Ireland does not repeat the mistakes it made with Direct Provision, and puts the required resources into future programmes for existing and future asylum seekers, refugees and migrants. The Immigrant Council of Ireland recommends ‘We must invest to ensure that refugees can restart their lives with access to education, training and employment and the opportunity to become full participants in the communities which will be their new home.’ This will need an integrated approach involving state agencies, local authorities, voluntary organisations with experience of working with these target groups and local communities.

Table 10.2 shows the number of applications for asylum in Ireland between 2001 and 2015. In 2015, the number of asylum applications to Ireland more than doubled. The number of people deported from Ireland in 2015 compared to 2014 increased to 3,790 (+60 per cent). In the vast majority of cases (3,451), these people were refused entry into the country at ports of entry. (Department of Justice and Equality, 2015).

Table 10.2 Applications for Asylum in Ireland, 2001-2015

Year	Number	Year	Number	Year	Number
2001	10,325	2006	4,314	2011	1,290
2002	11,634	2007	3,985	2012	956
2003	7,900	2008	3,866	2013	946
2004	4,766	2009	2,689	2014	1,448
2005	4,323	2010	1,939	2015	3,271

Source: Office of the Refugee Applications Commissioner (2016)

Direct provision

A Working Group on asylum seekers (2015) has highlighted many difficulties with the current system of “direct provision” of accommodation and meals for asylum seekers pending a decision on their application and makes recommendations. It is unfortunate that these recommendations are constrained by a requirement in the Terms of Reference to ensure that the overall cost of the protection system to the taxpayer is reduced or remains close to current levels and excludes the option of scrapping the Direct Provision system altogether[84].

[84] http://www.inis.gov.ie/en/INIS/Pages/Ministers%20Fitzgerald%20and%20O%20R%C3%ADord%C3%A1in%20announce%20composition%20of%20Working%20Group%20to%20examine%20improvements%20to%20the%20Protection%20process%20and%20the%20Direct%20Provision%20system

The Reception and Integration Agency (RIA) was established to manage accommodation for asylum seekers and refugees. The latest statistics from the RIA show that at the end of September 2015 there were 34 accommodation centres throughout the country accommodating 4,811 people, of whom over one quarter are children (RIA, 2015). Over 2,300 people have been in direct provision centres for two or more years and 873 have been there for seven or more years. The system relies heavily on private operators. €54.22 million was spent on direct provision in 2014 of which €43.7 million went to 25 commercially owned centres.

The policy for "direct provision" employed in almost all of these centres results in these asylum-seekers receiving accommodation and board, together with €19.10 direct provision per week per adult and €15.60 per child (increased in 2016 from €9.60). Over time the value of this sum has been eroded by inflation, and it is truly inadequate to meet basic needs. Between 2001 and 2014 the purchasing power of these payments has been decreased by almost 20 per cent. Furthermore, many asylum-seekers have been placed for long periods of time in these centres, with 9 per cent residing in the centres for over seven years (Joyce, C. & Quinn, E., 2014). The Working group reports dissatisfaction by residents in their situation within the centres. Issues include a lack of privacy, overcrowding, limited autonomy, and insufficient homework and play areas for children, a lack of facilities for families to prepare their own meals and meet their own dietary needs. Furthermore, asylum-seekers are denied access to employment, or formal adult education and training. This combination of issues contributes to stress and poor mental and physical health for people who are already traumatised and vulnerable, making them among the most excluded and marginalised groups in Ireland.

Social Justice Ireland endorses the recommendations of the working group as a minimum and proposes that asylum-seekers who currently are not entitled to take up employment should be allowed to do so after nine months in the system. Direct provision payments should be increased immediately to at least €39 per week for an adult and €30 per week for a child. Increasing the direct provision allocation would cost €3.6m in 2016 and provide noticeable improvements in the subsistence life being led by these asylum-seekers. In addition, the review and appraisal process needs to be streamlined so that no-one is forced to spend a protracted period within the Direct Provision system.

Emigration

Emigration has increased dramatically since 2009 and its composition has also changed. It should be noted that in all migration statistics the year end is April of the year in question. Table 10.3 below outlines the numbers of people leaving the country between 2006 and 2015, both Irish and non-Irish nationals, while Chart 10.1 illustrates the net migration figures.

Table 10.3: Estimated Emigration by Nationality, 2006 – 2014, by'000

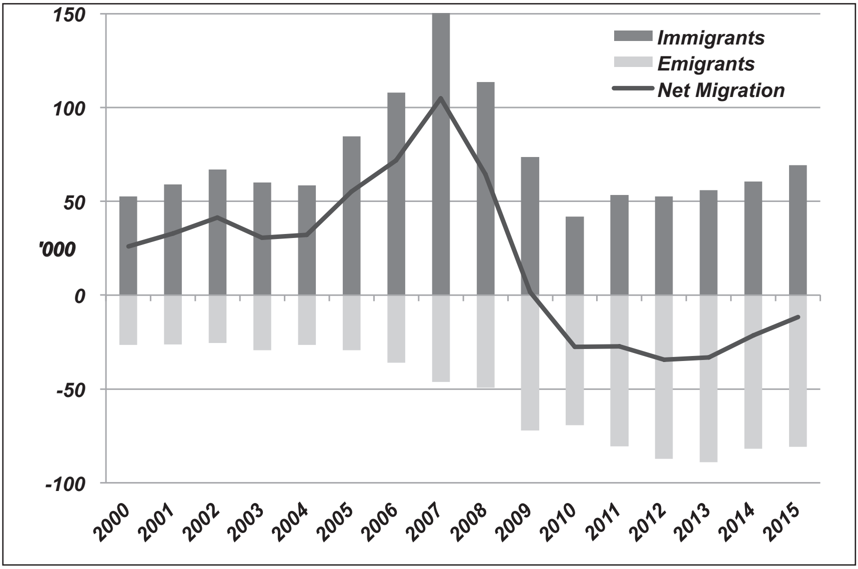
Year	Irish	UK	EU13*	EU16-28**	Rest of World	Total
2015	35.3	3.8	8.5	15.6	17.7	80.9
2014	40.7	2.7	10.1	14.0	14.4	81.9
2013	50.9	3.9	14.0	9.9	10.3	89.1
2012	46.5	3.5	11.2	14.8	11.1	87.1
2011	42.0	4.6	10.2	13.9	9.9	80.6
2010	28.9	3.0	9.0	19.0	9.3	69.2
2009	19.2	3.9	7.4	30.5	11.0	72
2008	13.1	3.7	6.0	17.2	9.0	49.2
2007	12.9	3.7	8.9	12.6	8.2	46.3
2006	15.3	2.2	5.1	7.2	6.2	36

Source: CSO (2015), *Population and Migration Estimates*. * Pre 2003 EU members less UK and Ireland. **EU Members that joined after 2003

215,000 Irish people have left the country since 2011, and their profile is instructive. Only 14 per cent were unemployed with the majority of the remainder being in employment (48 per cent) or students (30 per cent). Half were aged 25-44 with 37 per cent aged 15-24. They are also a skilled cohort with over half having a third level qualification. These data back up the anecdotal accounts that young people are dissatisfied with the quality of jobs available to them in Ireland and consider that they can make a better life elsewhere. The austerity policies are contributing to Ireland's loss of young people, the implications of which are stark as this loss will pose significant problems for economic recovery.

This emigration 'brain drain', which in some quarters is perversely being heralded as a 'safety valve', is in fact a serious problem for Ireland. It may well result in a significant skills deficit in the long-term and hamper Ireland's recovery. *Social Justice Ireland* has highlighted the need for a skills transfer programme for returning migrants in order to ensure the skills that they have acquired whilst working abroad are recognised in Ireland. Sadly, outmigration has been one of the factors keeping the unemployment rate down. In December 2012, the IMF estimated that had all the employees who lost their job at the outset of the crisis remained in the labour force, the unemployment rate would have been 20 per cent (IMF, 2012: 5). Given the continuing weakness of domestic demand and investment in the economy induced by austerity budgets it is likely that emigration will continue for the foreseeable future. Unless there are measures in place to increase quality employment at a faster pace by boosting domestic demand and investment across the regions, outmigration will continue.

Chart 10.1 – Immigration, Emigration and Net Migration, 2000-2015



Source: CSO, Population and Migration Estimates (2015).

Participation

"I believe that it is this conception of the participative citizen, who is active in a community of citizens and who is empowered to participate and flourish, is a powerful idea that can especially be resonant at this moment in our history" – President Michael D Higgins 2016[85]

The changing nature of democracy has raised many questions for policy-makers and others concerned about the issue of participation. Decisions often appear to be made without any real involvement of the many affected by the decisions' outcomes. In any democracy, voting in elections is a core right. Voter turnout in Irish general elections is close to the European average of 66%. However, there are concerns about the participation of young people and those living in poorer areas. A further analysis of voting patterns is to be found in Annex 10.

Transparency and accountability are demanded but rarely delivered. Many of the developments of recent years will simply have added to the disillusionment of many people. Some of this is manifest as anger via the "Right to Water" and similar

85 The report of the Presidents Ethics Commission (2015)

protests in 2015. A new approach is clearly needed to address this issue. Although Government has engaged with members of civil society on eight specific issues as part of the Constitutional Convention[86], this was extremely limited and it can ill afford to ignore the lack of trust and engagement of civil society in the democratic processes of the state.

Some of the decision-making structures of our society and of our world, allow people to be represented in the process. However, almost all of these structures fail to provide genuine participation for most people affected by their decisions, resulting in an apathy towards participating in political processes. The lack of participation is exacerbated by the primacy given to the market by many analysts, commentators, policy-makers, politicians and media. Most people are not involved in the processes that produce plans and decisions which affect their lives. They know that they are being presented with a *fait accompli*. More critically, they realise that they and their families will be forced to live with the consequences of the decisions taken. This is particularly relevant in Ireland in 2016, where people are still living with the consequences of the bailout programme and repaying the debts of European banks through a programme of austerity and upward redistribution of resources.

Many feel disenfranchised by a process that produced this outcome without any meaningful consultation with citizens. It is a fallacy that people do not want to be involved and are content to be passive recipients of policies and services. The extensive use of social media as a forum for discussion and debate of alternatives indicates a willingness amongst many individuals and organisations to engage. It is crucially important as politicians talk of recovery and a new Government is formed, that people feel engaged in this process and all voices are heard in a constructive way. Modern means of communication and information sharing must be harnessed, along with traditional methods to involve people in dialogue and decision-making. The big question remaining is whether the groups with power will share it with others?

A forum for dialogue on civil society issues

The need for a new forum and structure for discussion of issues on which people disagree is becoming more obvious as political and mass communication systems develop. A civil society forum and the formulation of a new social contract against exclusion has the potential to reengage people with the democratic process. Democracy means 'rule by the people', which implies that people participate in shaping the decisions that affect them most closely. What we have, in practice, is a highly centralised government in which we are 'represented' by professional politicians. The more powerful a political party becomes, the more distant it seems

86 For more information see https://www.constitution.ie/Convention.aspx

to become from the electorate. Party policies on a range of major issues are often difficult to discern. Backbenchers have little control over, or influence on, Government ministers, opposition spokespersons or shadow cabinets. Even within the cabinet some ministers seem to be able to ignore their cabinet colleagues.

The democratic process has certainly benefited from the participation of various sectors in different arenas. It would also benefit from taking up the proposals to develop a new social contract against exclusion and a new forum for dialogue on civil society issues. Short term initiatives such as the Presidents Ethics Initiative,[87] and the Constitutional Convention are welcome but need to be mainstreamed and reach all sections of Irish Society. The development of a new forum within which a civil society debate could be conducted on an on-going basis would be a welcome addition to Ireland's political landscape. Such a forum could make a major contribution to improving participation by a wide range of groups in Irish society.

Social Justice Ireland proposes that Government authorises and resources an initiative to identify how a civil society debate could be developed and maintained and to examine how it might connect to the growing debate at European level around civil society issues. There are many issues such a forum could address. Given recent developments in Ireland, the issue of citizenship, its rights, responsibilities, possibilities and limitations in the twenty-first century is one that springs to mind. Another topical issue is the shape of the social model Ireland wishes to develop in the decades ahead. Do we follow a European model or an American one? Or do we want to create an alternative – and, if we do, what shape would it have and how could it be delivered? What future levels of services and taxation will be required and how are resources to be distributed? The issues a civil society forum could address are many and varied and Ireland would benefit immensely from having one.[88]

Deliberative Democracy

To facilitate real participation a process of 'deliberative democracy' is required. Such structures enable discussion and debate to take place without any imposition of power differentials. Issues and positions are argued and discussed on the basis of the available evidence rather than on the basis of assertions by those who are powerful and unwilling to consider the evidence. It produces evidence-based policy and ensures a high level of accountability among stakeholders. Deliberative participation by all is essential if society is to develop and, in practice, to maintain principles guaranteeing satisfaction of basic needs, respect for others as equals, economic, religious, social, sexual and ethnic equality.

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87 For further details see http://www.president.ie/en/the-president/special- initiatives/ethics

88 For a further discussion of this issue see Healy and Reynolds (2003:191-197).

Social Justice Ireland believes a deliberative democracy process, in which all stakeholders would address the evidence, would go some way towards ensuring that local issues are addressed. This process could be implemented under the framework of the Council of Europe's *Charter on Shared Social Responsibilities.* The Charter states that shared social responsibility in terms of local government requires that local government 'frame local policies which acknowledge and take into account the contribution made by everyone to strengthening social protection and social cohesion, the fair allocation of common goods, the formation of the principles of social, environmental and intergenerational justice and which also ensure that all stakeholders have a negotiation and decision-making power' (Council of Europe, 2011). We believe these guidelines can be adapted to the Irish context and would be useful tools for devising a policy to promote participation at local level (see Annex 10 for further information).

The Open Government Partnership Action Plan 2014-16 (DPER, 2014) outlines a number of action areas including Open Data and Transparency, Citizen Participation and Strengthening Governance and Accountability which aims to "deepen participation further enabling valuable contributions to be made to decision-making, policy formulation, and improving public service delivery". Specific actions include, improving public bodies mechanisms for public consultation, examining means of enabling further citizen engagement in Local Authority Budgets via a Participatory Budgeting process, publishing a National Strategy for Children and Young People's engagement in decision making and rolling out the Public Participation Networks across the country. A recent mid-term self-evaluation (DPER, 2016) indicated progress in many of these areas, with the notable exception of participatory budgeting which is awaiting commencement of a feasibility study.

Participation in Local Government - Public Participation Networks

In October 2012 the Department of Environment, Community and Local Government published '*Putting People First: Action Programme for Effective Local Government'.* The document outlines a vision for local government as 'leading economic, social and community development, delivering efficient and good value services, and representing citizens and local communities effectively and accountably' (DECLG, 2012 iii). One of the stated aims of this process of local government reform is to create more meaningful and responsive local democracy (DECLG 2012:148) with options for citizen engagement and participative democracy. The report also initiated new local government structures such as Municipal Districts, a Local Community Development Committee, and Local Economic and Community Plans.

Along with these changes after the local elections in 2014 a new framework for public engagement and participation, called "The Public Participation Network" (PPN) was introduced. The PPN recognises the contribution of volunteer led organisations to local economic, social and environmental capital. It facilitates input by these organisations into local government through a structure that ensures public participation and representation on decision-making committees within local government. Full details of the role of the PPN[89] are to be found in Annex 10[90].

Briefly it:

- Facilitates the participation and representation of communities in a fair, equitable and transparent manner through the environmental, social inclusion & voluntary sectors on decision-making bodies
- Strengthens the capacity of communities and of the environmental, social inclusion & voluntary groups to contribute positively to the community in which they reside/participate
- Provides information relevant to the environmental, social inclusion & voluntary sector and acts as a hub around which information is distributed and received.

PPNs have now been established in every Local Authority area in Ireland, bringing together community, voluntary, social inclusion and environmental organisations in each City / County. It is estimated that well over 12,000 volunteer led organisations have already joined their local PPN. Each PPN is tasked with developing a "wellbeing statement" for their area for this and future generations. This process will empower PPNs to be proactive in setting the agenda for local development. PPNs are the mechanism by which representatives are elected to sit on LA and other decision making Boards and Committees, including those dealing with Strategic Policy (SPCs), Local Community Development (LCDC), Policing (JPC) etc. PPN representatives are supported by "Linkage Groups" of organisations which are stakeholders on a particular issue. This mechanism enables issues to be brought from grassroots communities to the decision making table, and ensures that representatives reflect a diversity of views and not just their own, or that of their own organisation.

All communities are different and not every community has the skillset or the infrastructure to engage meaningfully with and participate in local government. This is where the Local Authorities and the community and voluntary sector need

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[89] For a detailed discussion on issues on local democracy and the structure of the PPN see section 3 of the DECLG's Working Group Report on Citizen Engagement (2013).

[90] Annex 10 is available on the *Social Justice Ireland* website at: http://www.socialjustice.ie/content/publications/type/socioeconomic-review-annex

to work together via the PPN, in informing, engaging with and building the capacity of the local communities. PPNs have a significant role in the development and education of their member groups, sharing information, promoting best practice and facilitating networking.

In addition to the work of the PPN member groups, Local Authorities also have a vital role to play in facilitating participation though open consultative processes and active engagement.

Funding for PPNs comes from both the Department of Environment and the relevant Local Authority and enables the employment of a Resource Worker for each PPN to progress this work. Building real engagement at local level is a developmental process that requires intensive work and investment. It is essential that PPN funding is continued and increased to allow a real move towards local deliberative democracy and engagement in Ireland.

Supporting the Community & Voluntary Sector

The issue of governance is of major importance for Government and for society at large. Within this wider reality it is an especially crucial issue for the community & voluntary sector which plays a major role in contributing to social, economic and environmental capital and wellbeing throughout the country. It should also play a major role in public discussion regarding what type of economic and social vision Ireland wants to pursue in the future. The CSO (2015) estimates that approximately 520,000 people volunteer in organisations annually, contributing 116 million hours, with a value of over €1bn at minimum wage. In 2015, Government produced a paper entitled "Our Communities – A Framework Policy for Local and Community Development in Ireland". This document articulates a vision to "create vibrant, sustainable, self-determining communities that have the social, cultural and economic well-being of all community members at their core, built upon a shared understanding of their needs and aspirations, and where both participative and local democracy provides community members with the opportunity, means, confidence, and skills to influence, shape and participate in decision-making structures and processes that affect them and their communities."

Community and Voluntary organisations have a long history of providing services and infrastructure at local and national level. They are engaged in most if not all areas of Irish society. The sector has put great resources and effort into promoting and securing community engagement and ownership as well as empowerment of individuals and communities. It provides huge resources in energy, personnel, finance and commitment that can never be replicated by the State. It has developed flexible approaches and collaborative practices that are responsive and effective.

These are pluses that must be nurtured and supported. However, improvements are possible on each of these issues. Such improvements will be challenging for the sector and will require adjustments in varying ways for individual organisations and participants in the sector. These have shown excellent capacity across the years in meeting similar challenges and doing so in an effective, efficient and sustainable manner. The introduction of the Charities Regulatory Authority[91], the Governance Code[92] and the Lobbying Register[93] bear testament to the sector's willingness to face the challenges that this moment presents.

Support for the work of the community and voluntary sector is crucial and it should not be left to the welcome but very limited charity of philanthropists. Funding required by the sector has been provided over many years by Government. In recent years, however, the level of state funding has been reduced, and there is an intention to move to a commissioning model for services, which could see community and voluntary groups competing with private interests for contracts[94]. Whatever new models are introduced, it is essential that Government appropriately resource this sector into the future and that it remains committed to the principle of providing multi-annual statutory funding in the sector.

Social dialogue is a critically important component of effective decision making in a modern democracy. A social dialogue process would be a very positive development for Ireland at this point in our recovery. Government needs to engage all sectors of society. Otherwise it is likely to produce lop-sided outcomes that will benefit those who are engaged in the social dialogue process while excluding others, most notably the vulnerable. If Government wishes the whole society to take responsibility for producing a more viable future then it must involve all of us. There are many reasons for involving all sectors in this process: to ensure priority is given to well-being and the common good; to address the challenges of markets and their failures; to link rights and responsibilities.

A process of social dialogue involving all and not just some of the sectors in Irish society would be a key mechanism in maximising the resources for moving forward and in ensuring the best possible outcomes for Ireland. Ireland urgently needs to set a course for the future that will secure macroeconomic stability, a just tax system, strengthened social services and infrastructure, good governance and a real commitment to sustainability. A social dialogue process that includes all the stakeholders in Irish society would go a long way towards achieving such a future.

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91 Further information at https://www.charitiesregulatoryauthority.ie/
92 Further information at http://www.governancecode.ie/
93 Further Information at https://www.lobbying.ie/
94 For further information at see http://www.per.gov.ie/en/commissioning/

The Community & Voluntary Pillar provides a mechanism for social dialogue that should be engaged with by Government across the range of policy issues in which the Pillar's members are deeply engaged. All aspects of governance should be characterised by transparency and accountability. Social dialogue contributes to both transparency and accountability. We believe governance along these lines can and should be developed in Ireland.

Social Justice Ireland fully endorses the closing comments of the report of the President's Ethics Commission (2016: p 36)

> "What is needed ..... is structured opportunities, occasions and situations that would support and enable conditions in which people can have meaningful conversations and discussions about those questions and decisions that really matter. These structured opportunities would provide the space for dialogue on the values that we share; the ideals we aspire towards; the laws we would want to be beholden to; the rights that we would want to enjoy; the responsibilities and duties that we would want to uphold and refine in the common project of renewing our Republic."

Key Policy Priorities on People and Participation

- Focus on combatting racism and discrimination, and promoting interculturalism in Ireland
- Take a leadership role within the EU and UN on meeting the challenge of the migrant crisis
- Resource an initiative to identify how a real participative civil society debate could be developed and maintained.
- Immediately implement the recommendations of the Working Group on Direct Provision to improve the situation of current and future asylum seekers and refugees.
- Adequately resource the PPN structures for citizen engagement at local level and ensure capacity building is an integral part of the process.
- Ensure that there is real and effective monitoring and impact assessment of policy implementation using an evidence-based approach. Involve a wide range of perspectives in this process, thus ensuring inclusion of all sectors in a new deliberative process of social dialogue.

11.

SUSTAINABILITY[95]

CORE POLICY OBJECTIVE: SUSTAINABILITY

To ensure that all development is socially, economically and environmentally sustainable

The search for a humane, sustainable model of development has gained momentum in recent times. After years of people believing that markets and market forces would produce a better life for everyone, major problems such as resource depletion and pollution have raised questions and doubts. The signing of the Global Goals by 193 Governments in September 2015 signalled a global acknowledgement that sustainability must be a constant factor in all development. Sustainability is about ensuring that all development is socially, economically and environmentally sustainable. This understanding underpins all the other chapters in this review. This chapter focuses in more detail on promoting sustainable development and on reviewing environmental issues. These are key policy areas and are central to the achievement of the 'Sustainability' pillar of *Social Justice Ireland*'s 'Policy Framework for a Just Society' (see Chapter 2),

What is Sustainable Development?

Sustainable development is defined as 'development which meets the needs of the present, without compromising the ability of future generations to meet their needs *(World Commission on Environment and Development, 1987)*. It encompasses three pillars; environment, society and economy. These three pillars of sustainability must be addressed in a balanced manner if development is to indeed be sustainable. Maintaining this balance is crucial to the long-term development of a sustainable resource-efficient future for Ireland. While growth and economic competitiveness are important, they are not the only issues to be considered and cannot be given

[95] Annex 11, containing additional information relevant to this chapter, is available on the *Social Justice Ireland* website:
http://www.socialjustice.ie/content/publications/type/socioeconomic-review-annex

precedence over others. They must be dealt with using a framework for sustainable development which gives equal consideration to the environmental, social and economic pillars. It is also important to note that, although economic growth is seen as the key to resolving many aspects of the current crisis across the EU, it is this very growth that may be damaging the possibility of securing sustainable development in the Global South (cf Chapter 13).

Sustainable development is our only means of creating a long term future for Ireland, with the environment, economic growth and social needs joined in a balanced manner with consideration for the needs of future generations. Sustainability and the adoption of a sustainable development model presents a significant policy challenge: how environmental policy decisions with varying distributional consequences are to be made in a timely manner while ensuring that a disproportionate burden is not imposed on certain groups e.g. low income families or rural dwellers. This policy challenge highlights the need for an evidence- based policy process involving all stakeholders and the promotion of good governance and policy evaluation as outlined in our Framework in Chapter 2.

If the objective on sustainability set out at the start of this chapter is to be achieved *Social Justice Ireland* believes that:[96]

- Ireland must adopt targets for each of the Sustainable Development Goals.
- A reporting system to monitor progress towards the goals should be developed.
- Natural capital and ecosystems should be assigned value in our national accounting systems.
- New measurements of progress must be adopted that include social, environmental and economic indicators.

Promoting Sustainable Development

The Global Goals for Sustainable Development were adopted at the UN General Assembly on 25th September 2015 and came into effect on 1st January 2016. These goals make up the 2030 Sustainable Development Agenda which is defined as a 'plan of action for people, planet and prosperity'.[97] The Sustainable Development Agenda recognises that eradicating poverty in all its forms and dimensions, combatting inequality within and among countries, preserving the planet, creating sustained, inclusive and sustainable economic growth and fostering social inclusion are linked to each other and are interdependent.[98] This Agenda builds on the Millennium

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[96] Much greater detail on these and related initiatives is provided later in this chapter.

[97] https://sustainabledevelopment.un.org/post2015/transformingourworld

[98] ibid

Development Goals and commits to completing what they did not achieve[99]. It recognises the urgency behind the need to shift the world onto a more sustainable path.

World leaders have committed to seventeen Global Goals (also known as Sustainable Development Goals (SDGs)) containing one hundred and sixty nine targets to achieve three distinct aims: to end poverty, fight inequality and tackle climate change over the next fifteen years. The seventeen goals are:

Sustainable Development Goals	
Goal 1.	End poverty in all its forms everywhere
Goal 2.	End hunger, achieve food security and improved nutrition and promote sustainable agriculture
Goal 3.	Ensure healthy lives and promote well-being for all at all ages
Goal 4.	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
Goal 5.	Achieve gender equality and empower all women and girls
Goal 6.	Ensure availability and sustainable management of water and sanitation for all
Goal 7	Ensure access to affordable, reliable, sustainable and modern energy for all
Goal 8.	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
Goal 9.	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
Goal 10.	Reduce inequality within and among countries
Goal 11.	Make cities and human settlements inclusive, safe, resilient and sustainable
Goal 12.	Ensure sustainable consumption and production patterns
Goal 13.	Take urgent action to combat climate change and its impacts*
Goal 14.	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
Goal 15.	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
Goal 16.	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
Goal 17.	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

*Acknowledging that the United Nations Framework Convention on Climate Change is the primary international, intergovernmental forum for negotiating the global response to climate change.

[99] For more on MDG's see chapter 13 Global South

The SDGs have been designed for the entire world. The emphasis is on national ownership of the goals, with each Government setting its own national targets to be supported by national development strategies and financing frameworks (UN, 2015). The link between sustainable development and economic, social and environmental policies is highlighted by the UN, as is the need to support the most vulnerable countries that face particular challenges in achieving sustainable development (UN, 2015:35). The UN Secretary General described the global goals as the beginning of a new global partnership and urged world leaders to think and act in solidarity for the long term, and to look beyond national boundaries and short-term interests[100]. The scale of the implementation challenge for the SDGs is immense with UNCTAD calculating that the annual investment gap for implementing the SDGs are in the region of $2.5 trillion per annum[101]. Now that the Global Goals have been signed, the focus must move towards ensuring all Governments set ambitious national targets for the SDGs, to provide adequate resourcing and to monitor progress. Ireland has the opportunity to play a leading role in this regard. As one of the co-facilitators of the SDG negotiations, Ireland should now commit to becoming a global leader in setting national targets and implementing the global goals.

The SDGs commit countries to achieving sustainable development in its three dimensions – economic, social and environmental – in a balanced and integrated manner. To ensure these three dimensions are valued equally, new measures of progress will be required to ensure that economic progress does not come at the price of social or environmental progress, which has so often been that case to date. This will require a move beyond Gross Domestic Product (GDP) as the sole indicator of progress, and developing new indicators to measure progress in areas such as well-being, decent work, sustainable communities, strong institutions and the quality of life on land and life below water.

At a global level those countries who have been promoting sustainable development and who have been investing in medium to long-term policies whilst moving society to a more sustainable footing will be best placed to meet future challenges. In order to live within the means of the planet whilst producing the kind of society in which we want to live, a sustainable development framework must be at the centre of national and international policy making.

[100] http://www.un.org/apps/news/story.asp?NewsID=51968#.VkR9Br9xw3g

[101] http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1095&Sitemap_x0020_Taxonomy=UNCTAD

A sustainable economy

What does all of this mean for Ireland? It means that now is the time to begin to move towards a more sustainable economy, one which measures and values our finite natural resources and which recognises the need for balanced development between economic, social and environmental fields.

Before the 2008 recession began, the global economy was five times the size it had been 50 years before and, had it continued on that growth path, it would be 80 times that size by 2100 (SDC, 2009). This raises the fundamental question of how such growth rates can be sustained in a world of finite resources and fragile ecosystems. Continuing along the same path is clearly not sustainable. A successful transition to sustainability requires a vision of a viable future societal model and also the ability to overcome obstacles such as vested economic interests, political power struggles and the lack of open social dialogue (Hämäläinen, 2013).

Promoting a sustainable economy requires that we place a value on our finite natural resources and that the interdependence of economy, wellbeing and natural capital are recognised[102] (EC 2011, UN, 2015:3). A sustainable economy requires us to acknowledge the limitations of finite natural resources and the duty we have to preserve these for future generations. It requires that natural capital and ecosystems are assigned value in our national accounting systems and that resource productivity is increased. Policy frameworks and business models should give priority to renewable energy, resource efficiency and sustainable land use. One of the most cost-effective measures to promote sustainable development is to increase building energy efficiency. Increasing building energy efficiency (through retrofitting, for example), along with reducing food waste and increasing yields on large scale farms are the three most effective means to increase sustainability and meet international environmental targets (McKinsey, 2011). These three areas should be prioritised for investment by Government as they will yield significant long-term dividends by increasing Ireland's sustainability and reducing emissions.

A sustainable economy would involve transformative change and policies being implemented similar to those being proposed by Stahel in the 'performance economy' and Wijkman in the 'circular economy'. The 'circular economy' theory is based on the understanding that it is the reuse of vast amounts of material reclaimed from end of life products, rather than the extraction of new resources, that is the foundation of economic growth (Wijkman, 2012:166). This theory involves a shift towards servicing consumer products rather than constantly

[102] The Sustainable Society Foundation has published a comprehensive global report 'Sustainable Society Index 2014' based on these three key areas.
http://www.ssfindex.com/ssi2014/wp-content/uploads/pdf/SSI2014.pdf

producing new goods to be consumed. The policy instruments proposed to implement a circular economy are those which are also considered to be at the heart of the sustainable development debate. They are:

- Binding targets for resource efficiency;
- Sustainable innovation and sustainable design being given priority in terms of research; and
- Tax reform: lowering taxes on labour and raising taxes on the use of natural resources.

The business case to move towards a circular economy and decouple economic growth from resource consumption has been outlined by McKinsey[103]in 2014 which shows that such a move could add $1 trillion dollars to the global economy by 2025 and that the EU manufacturing sector could generate savings of up to $360 billion per annum by 2025. A wider benefit of the circular economy is the reduction in carbon dioxide emissions (MacArthur and McKinsey, 2015). In December 2015 the European Commission launched ‘Closing the loop – An EU action plan for the circular economy’. This plan sees the circular economy as an essential component of the EU’s efforts to develop a sustainable, low carbon and resource efficient economy. It is explicitly linked to the EU’s SDG commitments. The Commission also commits to publishing an effective monitoring framework for the circular economy which will be published as part of the reporting on the SDG’s.

It is important that Ireland now moves to embrace the circular economy. The reuse and repair sectors are labour intensive at all levels and will create local jobs at all levels which will enhance Ireland’s long-run productivity and create sustainable employment in communities. A reduction in waste and consumption will help prevent waste of our finite natural resources and aid Ireland in meeting environmental targets. The Commission encourages member states to provide incentives to promote the circular economy and to use economic instruments, such as taxation, to ensure that product prices better reflect environmental costs (European Commission, 2015). In order to ensure policy coherence it is very important that national, European and international targets and commitments on sustainability and the environment are integrated. Policies at all levels should work towards meeting commitments on sustainability and climate targets. At a European level this may require a revisiting of the 2030 Framework on Climate and Energy in light of the SDG’s and COP21 agreement. The Framework whilst containing an overall European target on emission reductions does not include any national targets (specific climate targets are discussed later in the chapter).

103 http://www.mckinsey.com/insights/manufacturing/remaking_the_industrial_economy

It is clear that the current economic path is not sustainable and consideration must be given to how we, as a society, can transform our present system and move to a more sustainable future pathway. Creating a sustainable Ireland is one of the five pillars of *Social Justice Ireland's* Policy Framework for a Just Society outlined in more detail in chapter 2

Principles to underpin sustainable development

Principles to underpin sustainable development were proposed in a report for the European Commission prepared by James Robertson in May 1997. The report, *The New Economics of Sustainable Development*, argued that these principles should include the following:

- systematic empowerment of people (as opposed to making and keeping them dependent) as the basis for people-centred development;
- systematic conservation of resources and environment as the basis for environmentally sustainable development;
- evolution from today's international economy to an ecologically sustainable, decentralising, multi-level one-world economic system;
- restoration of political and ethical factors to a central place in economic life and thought;
- respect for qualitative values, not just quantitative values; and
- respect for feminine values, not just masculine ones.

At first glance these might not appear to be the type of concrete guidelines that policymakers so often seek. Yet they are principles that are relevant to every area of economic life. They also apply to every level of life, ranging from personal and household to global issues. They influence lifestyle choices and organisational goals. If these principles were applied to every area, level and feature of economic life they would provide a comprehensive checklist for a systematic policy review. Many of these principles underpin the 'Economy for the Common Good' Balance Sheets which rates companies based on areas including ecological sustainability, social justice and transparency[104] (for further detail on the balance sheets see Annex 11[105]).

A key challenge for Ireland is to ensure that the economy and key sectors develop in a sustainable way and that economic growth is decoupled from environmental

[104] https://www.ecogood.org/en/common-good-balance-sheet

[105] Annex 11 is available on the *Social Justice Ireland* website at: http://www.socialjustice.ie/content/publications/type/socioeconomic-review-annex Much greater detail on these and related initiatives is provided later in this chapter.

pressures. This would require environmental considerations being placed at the centre of policy and decision making at national, regional and local levels (EPA, 2012). Protecting our natural resources and ensuring they are not misused or exhausted is crucial to the economic and social wellbeing of future generations in Ireland.

Implementing the SDG's and promoting sustainable development

It is vital that any programme for sustainable development should take a realistic view of human nature, recognising that people can be both altruistic and selfish, both co-operative and competitive. It is important, therefore, to develop the economic system to reward activities that are socially and environmentally benign (and not the reverse, as at present). This, in turn, would make it easier for people and organisations to make choices that are socially and environmentally responsible. Incorporating social and environmental costs in regulating and pricing both goods and services, combined with promoting those goods and services which are sustainable, should also become part of sustainable development policy. In order to transition to an economy based on sustainable development and a 'green growth strategy', a policy framework is needed that is adaptive and supports shifts away from traditional economic models. This would include user charges for environmental resources to reflect environmental costs and environmental taxes to shift the tax base towards environmental pollutants and consumption and away from labour and production (EPA, 2012).

Any programme for sustainable development has implications for public spending. In addressing this issue it needs to be understood that public expenditure programmes and taxes provide a framework which helps to shape market prices, rewards some kinds of activities and penalises others. Within this framework there are other areas which are not supported by public expenditure or taxed. This framework should be developed to encourage economic efficiency and enterprise, social equity and environmental sustainability. Systematic reviews should be carried out and published on the sustainability effects of all public subsidies and other relevant public expenditure and tax differentials. Governments should identify and remove those subsidies which cause the greatest detriment to natural, environmental and social resources (United Nations, 2012:14). Systematic reviews should also be carried out and published on the possibilities for re-orientating public spending programmes, with the aim of preventing and reducing social and environmental problems.

The SDG's present both a challenge and an opportunity for Ireland. The challenge will be in setting national targets, implementing these targets, monitoring progress and ensuring the appropriate budget lines, structures and indicators are put in place to achieve these goals. This requires developing robust data collection processes that measure social and environmental progress, as well as economic indicators. Ireland will have to set targets and structures so as to ensure effective implementation of the goals. The setting of these targets should not be seen as an objective or a goal to be reached, it is simply the pathway for Ireland to meet its obligations.

The targets should be ambitious and reflect the commitment of Ireland and Government to achieving an end to poverty, and inequality and the urgency of climate action to ensure a vibrant future for all in Irish society. Once these targets have been set the expertise of the Central Statistics Office and the Environmental Protection Agency should be used to develop a mechanism where data is collected on all the targets, progress is measured and monitored and this is reported on an annual basis.

This process should be transparent, involving all sectors of society; national and local government, the business community, civil society, scientists and academia. The information gathered should be presented in a user friendly format that will both ensure everyone can understand the process and also buy into and commit to the Global Goals.

Implementing the SDG's provides Ireland with the opportunity to enhance our place in the world and to realise the overall vision outlined in One World, One Future: Ireland's Policy for International Development (2013) to work for "A sustainable and just world where people are empowered to overcome poverty and hunger and fully realise their rights and potential". Ireland was co-facilitator of the post-2015 sustainable development negotiations. This represented an opportunity for Ireland to ensure that the common good and the fair allocation of resources were central to the post-2015 development agenda. Now that the Global Goals have been adopted, Ireland should also work to ensure that all nations, especially those in the developed world, take full responsibility for communicating and implementing the goals.Government now has an opportunity to promote sustainable development ensuring it is at the core of our economy and society. Care must be taken not to repeat the mistakes of the past where previous governments failed to implement earlier sustainability strategies (2000 & 2007). The whole of government approach emphasised in '*Our Sustainable Future'* should be embraced, and clear targets should be set. Clear leadership from Government and public bodies are needed to ensure that existing and future activities maintain and improve the quality of the environment (EPA, 2012).

Measuring what matters

The 2030 Agenda for Sustainable Development commits countries to achieving sustainable development in its three dimensions – economic, social and environmental – in a balanced and integrated manner. To ensure these three dimensions are valued equally, new measures of progress will be required to ensure that economic progress does not come at the price of social or environmental progress, which has so often been that case to date. This will require a move beyond Gross Domestic Product (GDP) as the sole indicator of progress, and developing new indicators to measure progress in areas such as well-being, decent work, sustainable communities, strong institutions and the quality of life on land and life below water.

What should be measured?

Some governments and international agencies have picked up on these issues, especially in the environmental area and have begun to develop 'satellite' or 'shadow' national accounts that include items not traditionally measured. *Social Justice Ireland's* 2009 publication *Beyond GDP: What is prosperity and how should it be measured?* explored many of these new developments. It included contributions from the OECD, the New Economics Foundation, and other informed bodies, and proposed a series of policy developments which would assist in achieving similar progress in Ireland.

There has, in fact, been some progress in this area, including commitments to better data collection and broader assessment of well-being and progress by the CSO, ESRI and EPA. The CSO first published *Sustainable Development Indicators Ireland* in 2013 and this was a welcome development. These were updated in 2015. However, much remains to be achieved in communicating these sustainable development indicators to the public and the inclusion of well-being in the monitoring process. *Social Justice Ireland* strongly urges Government to adopt this broader perspective and commit to producing these accounts alongside more comprehensive indicators of progress. Measures of economic performance must reflect their environmental cost and a price must be put on the use of our natural capital.

The OECD Global Project on measuring the progress of society recommends that sets of key environmental, social and economic indicators be developed and that these should be used to inform evidence-based decision making across all sectors (Morrone, 2009: 23).

Social Justice Ireland recommends that government commit to producing shadow national accounts and that these accounts include indicators that measure the following:

- the use of energy and materials to produce goods;
- the generation of pollution and waste;
- the amount of money spent by industry, government and households to protect the environment or manage natural resources;
- natural resource asset accounts measuring the quantity and quality of a country's natural resources;
- sustainability of the growth being generated *vis-a-vis* our social and natural capital;
- natural resource depletion and degradation as a cost to society;
- the output of waste and pollution as a result of commercial activity as a cost; and
- the measures of the GPI (Genuine Progress Indicator) which measure and deduct for income inequality, environmental degradation and cost of crime, amongst other items. 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 (Daly & Cobb, 1987).

Shadow national accounts

Ireland has climate and environmental commitments that cannot be measured by GDP and GNP alone. In order to ensure that we measure and monitor progress towards those commitments, and monitor what is happening in the economic, social and environmental fields Ireland should develop and publish shadow national accounts. Moving towards an economy and society built on sustainable development principles requires that we develop a new metric to measure what is happening in society, to our natural resources, to the environment and in the economy.

According to Repetto, Magrath, Wells, Beer and Rossini (1989:3) the 'difference in the treatment of natural resources and other tangible assets [in the existing national accounts] reinforces the false dichotomy between the economy and "the environment" that leads policy makers to ignore or destroy the latter in the name of economic development.' By not assigning value to our natural capital and environmental resources, a major national asset, we are not measuring the cost to our society of the ongoing depletion of these resources.

Acceptance of the need to move away from money-measured growth as the principal economic target and measure of success towards sustainability in terms of real-life, social, environmental and economic variables must be central to any model of development with sustainability at its core. This is at the core of the 'circular economy' and 'Economy for the Common Good' theories and is a key part of our core policy framework. Our present national accounts are based on GNP/GDP as scorecards of wealth and progress and miss fundamentals such as environmental sustainability, inequality and social exclusion. These measures completely ignore unpaid work because only money transactions are tracked. Ironically, while environmental depletion is ignored, the environmental costs of dealing with the effects of economic growth, such as cleaning up pollution or coping with the felling of rainforests, are added to, rather than subtracted from, GNP/GDP.

It is widely acknowledged that GDP is an inadequate metric to gauge wellbeing over time, particularly in its economic, environmental, and social dimensions, some aspects of which are often referred to as sustainability (Stiglitz Commission 2009: 8). A new scorecard or metric model is needed which measures the effects of policy decisions on people's lives as well as the environmental, social and economic costs and benefits of those policies. The United Nations High Level Panel on Global Sustainability recommends that the international community measure development beyond GDP and that national accounts should measure and cost social exclusion, unemployment and social inequality and the environmental costs of growth and market failures.

Development of 'satellite' or 'shadow' national accounts should be a central initiative in this. Already a number of alternative scorecards exist, such as the United Nations' Human Development Index (HDI), former World Bank economist Herman Daly's Index of Sustainable Economic Welfare (ISEW) and Hazel Henderson's Country Futures Index (CFI). A 2002 study by Wackernagel et al presented the first systematic attempt to calculate how human demands on the environment are matched by its capacity to cope. It found that the world currently uses 120 per cent of what the earth can provide sustainably each year.

In the environmental context it is crucial that dominant economic models are challenged on, among other things, the assumptions that nature's capital (clean air, water and environment) are essentially free and inexhaustible, that scarce resources can always be substituted and that the planet can continue absorbing human and industrial wastes. These are issues that most economists tend to downplay as externalities. Shadow national accounts would help to make sustainability and 'green' procurement mandatory considerations in the decision and policy making process. They would also go some way towards driving a civil society awareness campaign to help decouple economic growth from consumption.

Social Justice Ireland welcomed the establishment of the Green Tenders Implementation group to implement the Action Plan for Green Public Procurement. This is a significant step on the road towards making green procurement mandatory in public sector procurement decisions. Green public procurement is highlighted by the European Commission as one of the key instruments in meeting the SDG commitments of promoting sustainable practices. Employment and growth possibilities in the green economy were considered in the policy statement 'Delivering our Green Potential' which noted how up to 10,000 jobs could be created in six key sub-sectors of the green economy between 2012 and 2015. A review was carried out in 2013 but it did not give any indication of the overall number of jobs created in each of the six sub-sectors. It would be extremely useful with regard to policy making for Government to review progress on job creation in the green economy in 2016 and what impact the green economy had on job creation. The examination of how green public procurement can promote sustainable practices, move Ireland towards meeting SDG commitments, and support job creation in the green economy is an area where a relevant Oireachtas Committee could play a significant role by developing a framework to support green public procurement and monitoring progress in these areas.

Stakeholder involvement

One of the key indicators of sustainability is how a country runs stakeholder involvement. Sustainable Development Councils (SDCs) are a model for multi-stakeholder bodies comprising members of all major groups – public, private, community, civil society and academic – engaged in evidence-based discussion.[106] The EU-wide experience has been that SDCs are crucial to maintaining a medium and long-term vision for a sustainable future whilst concurrently working to ensure that sustainable development policies are embedded into socio-economic strategies and budgetary processes. All areas of governance, from local to national to, along with civil society and the private sector, must fully embrace the requirements of a sustainable development future (United Nations, 2012). In order to facilitate a move towards a sustainable future for all, stakeholders from all arenas must be involved in the process. Sustainable local development should be a key policy issue on the new local government agenda and the Public Participation Networks could be a forum where sustainable development issues at a local level become part of local policy making[107]. There is need for a deliberative democracy arena within which all stakeholders can discuss evidence without power differentials impeding outcomes. A proposal along these lines has already been set out in Chapter 10.

At a national level *Social Justice Ireland* proposes that Government should re-establish Comhar, the sustainable development council which was disbanded in 2011[108]. In

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[106] For more information see http://www.eeac.eu/images/doucments/eeac-statement-backgr2011_rio_final_144dpi.pdf

[107] For more detail on Public Participation Networks see chapter 10

[108] For more details on Comhar see Annex 11

light of our climate and environmental commitments it is crucial that Ireland has a sustainable development council with the required expertise to engage in detailed monitoring of progress and assess policy proposals in this area.

Monitoring sustainable development

Many studies have highlighted the lack of socio-economic and environmental data in Ireland required to assess trends in sustainable development. The empirical and methodological gaps which continue to impede the incorporation of sustainable development issues into public policy making and assessment are known (Matthews, 2003). It is only through a sustained commitment to data collection in all of these areas that these deficiencies will be addressed. We welcome recent developments in this area, particularly at the CSO, and the development of the Geographic Information System by the EPA. New systems of measurement (shadow national accounts) and data collection are required to ensure the appropriate indicators are chosen and the necessary data is collected. A re-established and revitalised sustainable development council could play a key coordinating role in this regards.

The publication by the Central Statistics Office of *Sustainable Development Indicators Ireland* aims to achieve continuous improvement in the quality of life and well-being for present and future generations through linking economic development with protection of the environment and social justice (CSO, 2013). These sustainable development indicators should be discussed and debated in the Dáil along with satellite or shadow national accounts and indicators of well-being as a step towards integrating sustainable development across the entire policy agenda in Ireland.

In a study of national strategies towards sustainable development in 2005 (Niestroy, 2005: 185) Ireland's sustainability strategy was criticised for:

- having no systematic monitoring system;
- having no general timetable;
- its lack of quantitative national targets.

The lack of quantitative and qualitative targets and indicators to accompany the present sustainability strategy *Our Sustainable Future* means that Ireland remains open to similar criticism for its current strategy. Implementation, targets and monitoring will be crucial to the success of any policy approach that genuinely promotes sustainable development. It is important that these targets and indicators and the mechanisms for monitoring, tracking and reviewing them are developed and clearly explained to ensure that responsibility is taken across all departments and all stakeholders for its implementation.

Environmental Issues

For environmental facts and details for Ireland see Annex 11[109].

Our environment is a priceless asset. It is also finite – a fact that is often ignored in current debates. Protection and conservation of our environment is of major importance as it is not just for our use alone; it is also the natural capital of future generations.

Maintaining a healthy environment remains one of the greatest global challenges. Without concerted and rapid collective action to curb resource depletion and the generation of pollution, and decouple them from economic growth, human activities may destroy the very environment that supports economies and sustains life (UNEP 2011: II).

The economic growth of recent decades has been accomplished mainly by drawing down natural resources without allowing stocks to regenerate, and by causing widespread degradation and loss to our eco-system. Careful stewardship of Ireland's natural resources is required to ensure the long term health and sustainability of our environment. Unsustainable use of natural resources is one of the greatest long-term threats to humankind (European Commission, 2012:3). It is crucial therefore, that Ireland meets the challenges of responding to climate change and protecting our natural resources and biodiversity with policies that are based on scientific evidence and protecting the common good.

If these objectives are to be achieved *Social Justice Ireland* believes that Government should:[110]

- Set ambitious emissions reduction targets for 2030 and ensure sufficient resources to support implementation of these targets.
- Ensure our climate mitigation plans support implementation of ambitious emissions reduction targets.
- Develop and promote sustainable transport and agriculture practices to reduce Ireland's emissions.
- Publish a roadmap for Ireland's White Paper on Energy.
- Include value of biodiversity into our national accounting system.

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[109] Annex 11 is available on the *Social Justice Ireland* website at: http://www.socialjustice.ie/content/publications/type/socioeconomic-review-annex

[110] Details on these and related initiatives is provided later in this chapter.

Climate change

Climate change is one of the most significant and challenging issues currently facing humanity. The impact of climate change and extreme weather events on Ireland's environment, society, economy, biodiversity, infrastructure and other sectors is one of the key environmental risks in Ireland's *National Risk Assessment 2015*. The World Economic Forum's *Global Risks Report 2016* finds that climate change mitigation and adaptation is the number one global risk.

International commitments

At the Paris climate conference (COP21) in December 2015, 195 countries adopted the first ever legally binding global climate deal. This agreement is due to enter into force by 2020 with the aim to keep global warming below 2°C by 2100. Countries have agreed:

- a long-term goal of keeping the increase in global average temperature to well below 2°C above pre-industrial levels;
- to aim to limit the increase to 1.5°C, since this would significantly reduce risks and the impacts of climate change;
- to come together every five years to set more ambitious targets as required by science;
- to provide continued and enhanced international support for adaptation to developing countries.

The commitments made in the Intended Nationally Determined Contributions (INDCs) or national climate action plans which were submitted at the Paris conference are still not ambitious enough to keep global warming below 2°C. Even if every country met the intended targets in the INDCs, warming is projected to reach 2.7°C by 2100 (IPCC, 2015). It is still possible to limit warming below 2°C by 2100 with a more ambitious, concerted combined effort by all countries; however the ambition of limiting the increase to 1.5°C by 2100 is much less certain (Climate Analytics, 2015). If short-term targets are not revised upwards in terms of ambition then it will become far more costly, if not impossible, to meet the 2 °C target after 2030 (ECOFYS, 2015).

At a time when leadership on sustainable development and climate change is needed it is particularly disappointing that the recently passed Climate Action and Low Carbon Development Bill 2015 fails to include any specific targets on emissions reductions. The commitments that Ireland has signed up to with COP21[111] mean

[111] For more detail on COP 21 see annex 11

that clear targets are required to ensure that Ireland meets its international commitments reduce emissions. The lack of clear targets makes the work of the Cabinet Committee on Climate Change and the Green Economy. and, the High-Level Inter-Departmental Group on Sustainable Development much more challenging. It will be difficult to communicate the sustainable development framework and place it at the core of policy making without clear actions and targets that need to be met.

As a result of passing the Climate Action and Low Carbon Development Bill, Ireland must submit two plans on climate change in the next 24 months. These plans are (i)A National Low Carbon transition and Mitigation Plan and (ii) a National Climate Change Adaptation Framework. This means that Government must adopt a national policy position on climate legislation and the transition to a low carbon future by 2018 at the latest. This will give the Government less than two years to reach the targets set in the EU 2020 strategy (European Commission, 2010). Given that we are on course to overshoot emissions targets by 2016, there is a real danger that short-term planning to limit our liabilities in respect of missed targets will overshadow the requirement for long-term planning and policy goals for a sustainable and low carbon future. The long-term goal of a low carbon economy beyond 2020 must be at the core of climate policy.

Cost-effectiveness and the cost to the national economy should not determine Ireland's low carbon roadmap. By failing to take appropriate actions and measures on climate change and carbon emissions now, Ireland's economy and society will bear a far greater cost in the future. It is important that the National Expert Advisory Body on Climate Change is not constrained by economic and cost issues and that its recommendations should be based solely on scientific evidence and best practice.

The global context

Increased levels of greenhouse gases, such as CO2, increase the amount of energy trapped in the atmosphere which leads to global effects such as increased temperatures, melting of snow and ice and raised global average sea-level. If these issues are not addressed with urgency the projected effects of climate change present a serious risk of dangerous and irreversible climate impacts at national and global levels. Food production and ecosystems are particularly vulnerable. The latest research from the World Meteorological Organisation has ranked 2015 as the hottest year on record, and finds that fifteen of the sixteen hottest years ever recorded have been in this century. Underlining the long-term trend, 2011-15 is the warmest five-year period on record. In Ireland, six of the ten warmest years on record have occurred since 1990 (EPA, 2014). Among the predicted adverse impacts of climate change are sea level rise, more intense storms, increased likelihood and magnitude of river and coastal flooding, adverse impacts on water quality, and changes in distribution of plant and animal species (EPA, 2014). The increased incidence of flooding in Ireland, particularly in 2009 and 2015 highlight the impact of climate change and changing weather patterns.

The *Fourth Assessment Report* by the Intergovernmental Panel on Climate Change (IPCC) outlines the global challenge of climate change. The report sets out the effect climate change and greenhouse gas emissions have had on the planet and the impact of human influence on the climate system. Some of the main findings are:

- The world today is 1°C warmer than it was in 1950;
- A total warming of 2°C implies a high risk of catastrophic climate change;
- Average sea levels are rising by 3 millimetres per year;
- Without additional mitigation efforts beyond those in place today, and even with adaptation, warming by the end of the 21st century will lead to very high risk of severe, wide-spread, and irreversible impacts globally;
- Delaying additional mitigation to 2030 will substantially increase the challenges associated with limiting warming to 2°C.

The IPCC report serves to highlight the challenges ahead for all countries in dealing with climate change. It is therefore very disappointing that the *European Commission Policy Framework for Climate and Energy 2020-2030* published in January 2014 does not contain any binding national targets for member states for reducing energy use or for increasing renewable energies. This is despite the fact that the plan commits the European Commission to reducing gas emissions by 40 per cent. The European Commission claims that the 2030 climate plan sets in stone a commitment to cap the temperature increase at 2°C. The IPCC data shows that a 40 per cent emissions target for 2030 means in effect there is a 50/50 chance of exceeding the 2°C threshold. The International Energy Agency's (IEA) *World Energy Outlook 2015* shows that the full implementation of the pledges made for COP21 would require cumulative investment of $13.5 trillion in low carbon technology and energy efficiency until 2030. This is a significant financial challenge. Fossil fuel subsidies were approximately $490 billion in 2014. A phasing out of fossil fuel subsidies and the use of these funds to subsidise renewal energy is recommended by the IEA.

Climate change and implementation of climate policy have been challenges for Ireland. Despite two National Climate Change Strategies (one in 2000 and one in 2007), there have been significant delays in implementing these policies. In some cases policies have still not been implemented. The mobilisation of vested interests has been a decisive factor in many of these delays and cases of non-implementation (Coughlin 2007). This is very disappointing because if these policies had been implemented on time, and as specified, Ireland's climate policy commitments could have been met from domestic measures. Now Ireland is faced with the prospect of overshooting its EU 2020 emissions targets as early as 2016, and by as much as 10 per cent by 2020 (EPA 2015).

A recent study examining climate change and governance in Ireland points out that local authorities have made little progress on climate change due to barriers related to resources, prioritisation and integration, and a lack of public consensus for proactive measures (EPA, 2013). The report concludes that the national government has side-lined the climate change issue by not establishing a separate ministry for climate change; this signals a lack of priority on this issue at national level, resulting in a limited response at regional and local level. An integrated, cross-departmental approach is recommended and the potential of local authorities for innovative solutions is highlighted. Government must support local authorities to coordinate climate change policy and adopt legislation that clearly signals climate change as a priority. Without a shift in attitudes and strong leadership nationally Ireland will remain unprepared for upcoming challenges related to climate change. A Climate Action and Low Carbon Development Bill without targets and with a focus on cost-effectiveness means that Ireland will find it very difficult, if not impossible, to meet climate and emission commitments in 2020 and beyond. Long-term leadership is required to put sustainable development and meeting climate commitments at the heart of government policy. Without this, Ireland will be faced with the substantial cost of dealing with the impacts of climate change and the irreversible loss of our natural resources.

Ireland's emissions challenge[112]

Ireland's emissions profile is dominated by emissions from the energy supply, transport and agriculture sectors (EPA, 2015). The domestic sector comprises transport, agriculture and residential waste activities and is also responsible for 75 per cent of Ireland's total emissions.

Ireland produces an estimated 160,359 tonnes of greenhouse gas emissions every day (EPA, 2014). Ireland has two sets of emissions targets to meet: the Kyoto Protocol and the EU 2020 Targets. Ireland is on track to meet its Kyoto commitments when the effects of the EU Emissions Trading Scheme and forest sinks are taken into account. However, it is already facing significant challenges in meeting its future EU emissions targets for greenhouse gases under the EU Climate and Energy package for 2020, and further anticipated longer term targets up to 2050. This is despite substantial declines in greenhouse gas emissions between 2009 and 2011 which the EPA attributes primarily to the economic recession.

112 More detail on emissions and targets is available in Annex 11

Under the *Climate and Energy Package,* as part of the EU 2020 targets Ireland is required to deliver a 20 per cent reduction in non-Emissions Trading Scheme (ETS) greenhouse gas emissions by 2020 (relative to 2005 levels). Ireland also has signed up to binding annual emissions limits over the period 2013 to 2020 to ensure movement towards the EU 2020 target. The latest EPA projections indicate that Ireland will meet the 2013 target but will exceed its annual binding limit over the 2013 to 2020 period. The EPA projects that emissions will exceed the binding limits from 2016 onwards.

The immediate challenge for Irish climate policy is to meet the EU 2020 targets for the domestic sector, which is a reduction of at least 20 per cent on the 2005 emission levels by 2020. There is a significant challenge for Government in achieving the binding EU 2020 targets whilst also pursuing its *Food Harvest* agenda. Emissions from agriculture are projected to increase by 2 per cent in the period up to 2020, predominantly due to the projected increase in the dairy herd following the abolition of the milk quota[113]. Agriculture emissions are expected to peak in 2025. Transport emissions are assumed to increase by between 13-19 per cent by 2020 and by 20% in the period 2020-2035.

The EPA point out that Ireland is not on track towards decarbonising the economy in the long term, in line with the *Climate Action and Low Carbon Development Bill 2015* and will face steep challenges post-2020 unless further polices and measures are put in place over and above those envisaged between now and 2020.

At a national level there appears to be a strong degree of policy incoherence in pursuing a policy such as Food Harvest 2020, and the increase in emissions that this yields, whilst simultaneously committing to international targets for sustainable development and emission reduction. The increased emissions from both agriculture and transport mean that Ireland will be subject to fines for not meeting our European targets. As outlined earlier, Ireland must produce more ambitious adaptation and mitigation plans in order to meet our international commitments. Environmental policy cannot be pursued in isolation from transport or agriculture policy; they should be integrated and developed together.

Support for sustainable agricultural practice is important to ensure the long-term viability of the sector and consideration must also be given to how the projected increase in agricultural emissions can be offset. It is important that the agriculture sector be at the forefront of developing and implementing sustainable farming practices and be innovative in reducing emissions. Consideration should also be given to the European Commission proposals to establish a framework for land use, land use change and forestry (LULUCF) as part of mitigation plans to reduce emissions.

113 Milk Quotas were abolished by the European Union in 2015.

This is important for Ireland because it is estimated that forest sinks could provide significant relief in reaching emissions targets (see Annex 11). The European Council Conclusions on Climate recognised the 'limited' mitigation potential of the agriculture sector and commits to considering emissions from forestry and land use and agriculture together. Agriculture accounts for the largest proportion of Ireland's greenhouse gas emissions, accounting for over 30 per cent of the total. Pursuing Food Harvest 2020, combined with increased milk production in 2015 means that emissions from agriculture are will continue to increase over the coming years. A recognition of the 'limited' mitigation potential of the sector must not reduce efforts to reduce agricultural emissions and meet international targets and obligations.

Transport and agriculture represent the most intractable sectors in relation to carbon offsets and emissions mitigations, with the transport sector recording a 115.5 per cent increase in emissions between 1990 and 2013[114]. A national sustainable transport network would represent a major step towards a low carbon, resource efficient economy. Capital investment will be required in sustainable transport infrastructure projects to ensure the reduction of transport emissions. Agriculture, which accounts for over 30 per cent of total emissions, faces major difficulties in limiting emissions and meeting future targets. In the agriculture sector progress towards changing farm practices has been limited and incentives to reduce on-farm greenhouse emissions have not been delivered on a wide scale (Curtin & Hanrahan 2012: 9). The agriculture and food sector must build on its scientific and technical knowledge base to meet the emissions challenge.

Forestry can play a significant role in combating climate change and the development of the forestry sector and renewable energy should be supported in the Irish CAP Rural Development Programme 2014-2020. Ireland has the smallest crop rotation in the EU, the smallest proportion of organics and one of the smallest areas of land forest. It is important, therefore, that Government departments work together to tackle climate change and recognise that action on climate change is not just a challenge but a great opportunity to create jobs, support communities and develop a genuine, indigenous, low carbon economy.

Energy

The *White Paper on Energy* (Department of Communications, Energy and Natural Resources, 2015) envisages Ireland reducing emissions from energy systems by up to 95 per cent (based on 1990 levels) by 2050 and zero by 2100. Ireland's target is part of the overall headline target pledged by the EU of at least a 40 per cent reduction in domestic CHG emissions by 2030 compared to 1990. Ireland's

[114] Transport emissions have decreased for four consecutive years and are now 22% below peak levels in 2007.

individual country target will be negotiated and set in 2016. The White Paper states that Ireland will make a technically feasible, cost-effective and equitable contribution to the overall EU target. It is disappointing that the term ambitious is not included in the description of Ireland's individual country target. Delays in implementing additional mitigation policies will only increase the longer-term costs of meeting our climate commitments (IPCC, 2015). Ireland should be ambitious in setting our individual 2030 target and thing of the longer-term outcome and benefits of ambition rather than the short-term benefit for cost-effectiveness.

Overall the White Paper on Energy contains some very positive aspirations but is short on detail as to how we are going to achieve these aspirations. There is no roadmap for moving onto biofuels or renewable fuels for example. There are no specific commitments. It is important that the National Mitigation plan, being developed as part of the Climate Action and Low Carbon Development Bill contains specific commitments and a roadmap to meet the aspirations set out in the Energy White Paper. The EPA has cautioned that in order to meet EU obligations, Ireland might need to 'borrow' from future years emissions allocations or use other accounting techniques which are legal but do not address the core problem of excessive carbon production. It is critical that the National Mitigation plan has sufficient targets, scope and ambition to prevent this from happening.

Biodiversity

Nature and biodiversity are the basis for almost all ecosystem services, and biodiversity loss is the greatest challenge facing humanity (EPA 2011: vii). Biodiversity loss and ecosystem degradation directly affect climate change and undermine the way we use natural resources (EEAC 2011: 114). Pollution, over-exploitation of natural resources and the spread of non-native species are causing a decline in biodiversity in Ireland. The Environmental Protection Agency (EPA) has identified the four main drivers (EPA 2011: 11) of biodiversity loss in Ireland, all caused by human activity:

- habitat destruction and fragmentation;
- pollution;
- over-exploitation of natural resources; and
- the spread of non-native species.

Our eco-system is worth €2.6 billion to Ireland annually (EPA 2011), yet our biodiversity capital is decreasing rapidly. Ireland missed the 2010 target to halt biodiversity loss and lacks fundamental information on such issues as the distribution of species and habitats that inform planning and policy in other countries. The National Biodiversity Data Centre released the first set of National

Biodiversity Indicators in December 2015. The overall assessment is that there is inadequate progress in 60 per cent of indicators, good progress has been made in 32 per cent, whereas progress with the remaining 8 per cent is uncertain. The assessment results demonstrate that more concerted action is needed if Ireland is to meet targets set out in the National Biodiversity Plan and those set by the European Union and the Convention on Biological Diversity. The release of these indicators is extremely welcome and this data should be used on an annual basis by Oireachtas committees to monitor progress on protecting and enhancing our biodiversity.

Biodiversity underpins our eco-system, which supports our natural capital and in particular the agriculture industry. It is critically important that our biodiversity is preserved and maintained and that the effects of policies and developments on biodiversity are monitored in order to inform environmental policy in the short and long-term. Ireland has less land designated as a Special Protected Area under the EU Habitats Directive than the EU average The majority of Ireland's habitats listed under the Habitats Directive are reported to be in poor or bad conservation status (EPA 2012:76).

The economic value of biodiversity and how it contributes to our well-being needs to be better promoted and understood. The data collected by the National Biodiversity Data Centre on the environment and the eco-system goods and services provided by biodiversity and the biodiversity indicators should be included in any proposed shadow national accounting system. This is our greatest national asset yet we do not factor it into our present national accounting system. Without biodiversity and our eco-system the development of a sustainable, low-carbon future for Ireland will not be possible and the value of our natural capital will be lost. Climate change will not go away and initial costs will have to be incurred in order to preserve and conserve our natural resources. Environmental and socio-economic decision-making should be integrated with biodiversity and resource management to maximise the benefit to society of our natural resources.

The long-term benefits of these investments, both for the present and future generations, will far outweigh the initial cost. The EPA notes that the continuing loss of biodiversity is one of the greatest challenges facing us (EPA 2012:82). *Social Justice Ireland* believes that Government should continue to adequately resource the development of our biodiversity indicators and implement the EPA's recommendations regarding evidence-based decision making on biodiversity issues and the integration of the economic value of ecosystems into the national accounting and reporting systems.

Environmental taxation

The extent of Ireland's challenge in relation to climate change and maintaining and preserving our national resources is clear from the information outlined above. One way of tackling this challenge whilst also broadening the tax base is through environmental taxation. Eco-taxes, which put a price on the full costs of resource extraction and pollution, will help move towards a resource efficient, low carbon green economy. Environmental taxation enforcing the polluter pays principle and encouraging waste prevention can help to decouple growth from the use of resources and support the shift towards a low carbon economy. Carbon taxation was introduced in Ireland in Budget 2010 and was increased from €15 to €20 per tonne in Budget 2012. *Social Justice Ireland* welcomed the introduction of a carbon tax but is disappointed that Government has not used some of the money raised by this tax to support low income families and rural dwellers who were most affected by it. When considering environmental taxation measures to support sustainable development and the environment, and to broaden the tax base, the Government should ensure that such taxes are structured in ways that are equitable and effective and do not place a disproportionate burden on rural communities or lower socio-economic groups. Environmentally damaging subsidies should be abolished with the resulting savings invested in renewable energies. As noted earlier in the chapter, the European Commission has recommended the use of economic instruments such as taxation to ensure that product prices better reflect environmental costs. Fossil fuel subsidies should be phased out, and incentives should be transferred to renewable energy sources.

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 useful work and enterprise, or on the value they add or on what they contribute to the common good. Rather, the tax that people and organisations should be required to pay should be based more on the value they subtract by their use of common resources[115].

Key Policy Priorities on Sustainability and Climate change

- Develop an ambitious climate mitigation plan and adaptation framework.
- Ensure sustainable development underpins all policy decisions.
- Become a global leader on the development and implementation of national targets for the Sustainable Development Goals.

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115 For further details on taxation see Chapter 4.

- The economic value of biodiversity must be accounted for in all environmental policy decisions.
- Develop new indicators of progress and implement shadow national accounts.
- Promote a circular economy, renewable energy, retrofitting and other initiatives that will help Ireland meet emissions targets.
- A progressive and equitable environmental taxation system should be developed in a structured way that does not impose a disproportionate burden on certain groups.

12.

RURAL DEVELOPMENT

CORE POLICY OBJECTIVE: RURAL DEVELOPMENT

To secure the existence of substantial numbers of viable communities in all parts of rural Ireland where every person would have access to meaningful work, adequate income and to social services, and where infrastructures needed for sustainable development would be in place.

Rural Ireland continues to transform dramatically. Its composition and population patterns are changing and there is a need to revise and update how we measure rurality in Ireland. No county has shown an increase in the share of rural population since 2006, however the numbers living in small towns (<3000 population) has doubled since 2002. Areas of the countryside close to the main cities and rural towns have experienced substantial growth in their populations (Walsh & Harvey, 2013), in contrast with remote or less accessible rural areas. In these more remote areas a high proportion of the population is older, and has lower education levels (O'Donoghue et al, 2014). This changing composition shows the need to redefine rural areas and how we measure them. In European discourse the concept of 'rural' is often linked to regional development and includes 'non-urban' and 'non-metropolitan' areas[116]. The need for an integrated transition from an agricultural to a rural and regional development agenda to improve the quality of life for all rural dwellers has never been more pressing. The members of the current Dáil have the opportunity to implement long-term policies that will ensure vibrant and sustainable communities across rural Ireland. This will require policy coherence in the areas of investment, social services, governance and sustainability as part of the 'Policy Framework For a Just Society' discussed in detail in Chapter 2.

[116] See O'Hara, P in Healy & Reynolds (Eds) (2013) for a more detailed discussion on rurality and the regions.

Priorities

If the objectives set out above are to be achieved *Social Justice Ireland* believes that Government should:[117]

- Frontload investment in rural broadband
- Invest in an integrated and accessible transport network
- Ensure finance and credit schemes for rural entrepreneurs, micro-enterprises and SMEs
- Publish a National Spatial Strategy
- Ensure public service delivery in rural areas according to the equivalence principle
- Publish a long-term rural and regional economic and social development policy

Rural and Regional Development

The first White Paper on Rural Development (1999) defined rural development policy in Ireland as "*all Government policies and interventions which are directed towards improving the physical, economic and social conditions of people living in the open countryside, in coastal areas, in towns and villages and in smaller urban centres outside of the five major urban areas*". Given the changing population patterns and composition of rural Ireland it is now an appropriate time to revisit this definition of rural development policy in Ireland. The present model of rural development policy in Ireland has a dominant agricultural focus. There is a need to broaden this model of rural development to encompass coastal areas, towns and small urban centres and to support the diversification of the rural economy.

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 (Walsh & Harvey, 2013). Given this interconnection it is important that rural and regional development are integrated in order 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.

The Commission for the Economic Development of Rural Areas (CEDRA), established in 2012, 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[118]. Among the

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117 Much greater detail on these and related initiatives is provided later in this chapter.
118 http://www.ruralireland.ie/index.php/objectives-of-the-commission

objectives of the commission is to ensure that rural areas can benefit from and contribute to economic recovery and to provide research to inform the medium term economic development of rural areas to 2025. The CEDRA report *Energising Ireland's Rural Economy*, published in 2014, provided a list of recommendations to Government and policy makers on how to safeguard the future of rural Ireland, a valuable national resource. The report established that many of the key issues facing rural communities are part of a long-term economic and social transformation. It called for new integrated approaches to rural economic development aligning national goals with regional, county and local strategies. It called on Government to prepare a clear and detailed Rural Economic Development policy and to outline in details how Government proposes to support rural economic development to 2025. *Social Justice Ireland* endorsed this call and urged Government to implement the recommendations of the CEDRA report. While some progress has been made, including publishing a Charter for Rural Ireland, appointing a Minister of State with Special Responsibility for Rural Economic Development, developing regional action plans for jobs, the rural economic development zones and other initiatives, the key recommendations of the report have not yet been implemented. The CEDRA Report contains research, analysis and recommendations on how we can meet the challenges facing rural Ireland. Government should ensure that these recommendations are implemented immediately.

Rural development policy

Rural development is often confused with agricultural development. This approach fails to grasp the fact that many people living in rural Ireland are not engaged in agriculture. This, in turn, leads to misunderstanding when the income from agriculture increases because many people fail to realise that not everyone in rural Ireland benefits from such an increase. The challenge is the ensure that rural economic development fosters economic diversification and development in rural areas, as well as continuing to support farming and other traditional rural-based economic activity (O'Donoghue et al, 2014:22). Long-term strategies to address the failures of current and previous policies on critical issues, such as infrastructure development, the national spatial imbalance, local access to public services, public transport and local involvement in core decision-making, are urgently required. The 1999 White Paper on rural development provided a vision to guide rural development policy (something *Social Justice Ireland* had advocated for over a decade previously).

The changes to the composition of rural areas and rural economies and the subsequent need to move rural development away from a focus dominated by agriculture has been well documented[119]. Therefore, it is disappointing that the Irish

[119] See O'Hara, P in Healy & Reynolds (Eds) 2013, Shucksmith, M (2012), ECORYS (2010) and Walsh, K. & Harvey, B. (2013)

Rural Development Programme (RDP) 2014-2020 is still predominantly focussed on agriculture and supporting the agri-sector, and insufficient attention is given to diversifying and developing rural areas and the rural economy. CHG emissions from agriculture and failure to achieve conservation status of grassland habitats are among the key challenges noted in the European Commission's assessment of the Irish RDP [120]. Despite this, the Irish RDP is predominantly focussed on complimenting and supporting the Food Harvest 2020 strategy. Only six per cent of the overall budget is allocated to the priority area[121] of promoting social inclusion, poverty reduction and economic development in rural areas. In this area, Government points to LEADER measures for enterprise development and job creation, supporting local development of rural areas and initiatives to improve broadband and communications infrastructure; something which is expected to create 3000 jobs. Given the scope of the challenges facing rural Ireland and the recommendations of the CEDRA report, the lack of a broader rural development and diversification focus in the plan is disappointing.

Rural economies

Rural economies are increasingly designed around towns of various sizes which provide a local labour market area. It is important that rural development is seen in the context of the relationship between a particular rural area and the nearest town or centre of economic activity. The interactions between more rural areas and the small towns and villages with which they connect should provide the framework and foundation for a rural development policy. In order to have successful rural communities, rural development policy must move beyond one dominated by agricultural development and towards policies designed to support 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 order to access employment, rural workers will require the right skills. This will require coordinated strategies between the Local Enterprise Offices, Education and Training Boards, the apprenticeship council, SOLAS, and local businesses in order to ensure that rural workers have the skills required in order to take up employment in their local area. Investing in up-skilling lower skilled workers in rural regions has a greater impact on regional economic development than investing in increasing the number of highly skilled workers in the regions (OECD, 2014). Small amounts of investment in education and training for people in low skilled jobs or unemployed in rural areas would have a significant social and economic return.

[120] http://ec.europa.eu/agriculture/rural-development-2014-2020/country-files/ie_en.htm
[121] http://ec.europa.eu/agriculture/rural-development-2014-2020/index_en.htm

Diversification of rural economies

A study on rural areas across Europe (ECORYS, 2012:26) identified the key drivers of and key barriers to growth in rural economies. The key drivers of employment and growth were identified as (i) natural resources and environmental quality, (ii) the sectoral nature of the economy, (iii) quality of life and cultural capital and (iv) infrastructure and accessibility. The key barriers to growth in rural areas were identified as (i) demographic evolutions and migration (ageing, and the loss of young people), (ii) infrastructure and accessibility and (iii) the sectoral structure of the economy.

Across Europe the secondary and tertiary sectors[122] are now the main drivers of economic growth and job creation in rural regions. These sectors support activities such as tourism, niche manufacturing and business services (ECORYS: 2010). For rural areas to become sustainable in the long-term these sectors must form an integral part of any future rural development strategy, both in Ireland and in Europe.

The *AGRI Vision 2015* report (Department of Agriculture, Food and the Marine, 2004) highlighted the fact that many rural dwellers are not linked to agriculture and that in order to improve the standard of living and quality of life in rural communities, opportunities must be created so that the rural economy can develop agriculture in conjunction with much needed alternative enterprises. The report also stated that the primary purpose of rural policy development is to underpin the economic and social wellbeing of rural communities. It is clear that in order to diversify the rural economy Ireland needs to move from agricultural development to rural development, from maritime development to supporting coastal communities and to support small, local, sustainable and indigenous enterprises, farming and fishing. The areas that are highlighted as possible drivers of rural job creation are social enterprise and social services (e.g. childcare and elder care), tourism, 'green' products and services, and cultural and creative industries. In order to promote development of these drivers of employment and to support local entrepreneurs and local enterprises in rural and coastal areas, the economic policies for these areas must take into account specific local needs such as accessible transport and access to childcare.

There is a mismatch between a Government policy aimed at attracting Foreign Direct Investment (FDI) and export-led industry, and rural areas which are dominated by micro-businesses and small and medium sized enterprises. This mismatch was acknowledged by the IDA in 2014 and it committed to a greater regional dispersal of

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[122] The EU traditionally splits economic activities into three sectors. Primary sector includes agriculture, forestry and fisheries; secondary sector includes industry and construction, tertiary sector includes all services.

FDI investment in its 2015-2019 strategy. Although some success was achieved in 2015, FDI in Ireland is predominately focussed on Dublin, the South West and the West. This focus on relying on FDI to generate employment in rural areas will not create the sustainable employment required in these areas. A focus on rural niche investment and supporting rural start-ups in this area is also required.

Broadband

Lack of quality broadband in rural areas is a considerable barrier to the diversification and growth of the rural economy in Ireland. Case studies show that several large firms have moved out of the South West of Ireland as a result of poor broadband speed and quality (ECORYS, 2010:237:241). The CEDRA Report notes the strategic role of broadband, and one of its key recommendations was that Government ensure the delivery of 30Mbps to all rural areas by the end of 2015. This recommendation has not been implemented. The Department of Communications, Energy and Natural Resources set 2020 as the deadline to provide universal broadband coverage nationally. Given the present lack of investment in this area it is possible that the deadline of 2020 may not be met. In the intervening four year period rural areas and rural businesses will continue to be disadvantaged by poor broadband infrastructure.

The provision of quality broadband to rural areas must be a priority in the future if rural development is to be facilitated in a meaningful manner. The commitment of Government to rollout the fibre infrastructure to provide broadband to areas which will not be served by commercial operators is welcome. However the commitment to between 30Mbps and 40Mbps broadband speed in rural areas contained in the National Broadband Plan for Ireland is insufficient to encourage diversification and economic growth in rural areas. State intervention must be prioritised in order to prevent the two-tier digital divide that has developed between urban and rural areas growing any wider.

Employment

Employment and enterprise policy should have a rural-specific element designed to support local enterprises, rural-specific jobs, and be cognisant of the need to create full-time, high quality jobs with career progression opportunities. Approximately 90 per cent of enterprises in the regions employ ten people or less, and underemployment and flat career structures are particular features of rural areas that require attention (Walsh & Harvey, 2013).

The prevalence of low-paid, part-time and seasonal work is a continual trend in rural employment. Whilst there has been a welcome increase in employment nationally in recent years, this has been predominantly urban-based. Eight Regional Action Plans for Jobs were launched in 2015/16 with a total funding of €250m for the eight plans over a five year period. These plans, albeit late, are welcome as they set targets for regional employment. They also have a greater focus on niche and micro-enterprises and on supporting rural entrepreneurs. However the generation of sustainable employment in the regions and rural areas, as well as meeting the targets set in the regional action plans, will be hampered by the very slow roll-out of rural broadband.

With the on-going challenges facing traditional rural sectors, including agriculture, the future success of the rural economy is inextricably linked with the capacity of rural entrepreneurs to innovate and to develop new business opportunities that create jobs and income in rural areas. The key needs of rural entrepreneurs that have been highlighted include:

- Better, more locally-led access to finance;
- The need to harness local knowledge at all stages of policy formulation, delivery and evaluation;
- Better communication between national, regional and local actors to ensure the needs of entrepreneurs can be met;
- Acknowledgement that rising costs and Government revenue raising measures can hit rural businesses disproportionately compared to their urban counterparts e.g. fuel is often a bigger cost for rural businesses and entrepreneurs who need to transport produce or goods greater distances. (EU Rural Winter Review 2011)

Small rural firms and rural entrepreneurs need to be supported in developing their businesses and in overcoming the spatial disadvantage to benefit from the growth in the 'knowledge economy'. Sustainable, integrated public transport serving rural Ireland and reliable high speed broadband must be given priority in order to support rural businesses and the development of the rural economy through diversification and innovation. One of the major problems faced by the government in trying to develop and promote sustainable rural communities is the restricted opportunities in secondary labour markets in rural areas. Data from the IDA and Forfás highlight the need for a rural and regional employment strategy. Recent data from the IDA shows that there have been improvements in generating employment outside of Dublin, with 47 per cent of IDA-supported jobs being created outside of Dublin. However, when examining the figures more closely, these jobs gains are concentrated in the South West, the Mid-West and the West[123].

[123] http://www.idaireland.com/newsroom/ida-results/

Significant regional disparities also show up in the CSO QNHS employment statistics. In the period Q.3 2008 to Q.3 2015, full-time employment in the Border, Midlands and Western Region fell by 8.7 per cent, while in the Southern and Eastern Region it fell by 6.6 per cent. These figures give cause for concern and indicate that a concerted regional social and economic development strategy is required. This trend of falling agency assisted employment in rural areas and in particular regions is a cause of concern. It highlights the barrier that a lack of broadband, services and integrated transport presents to agencies in attracting FDI beyond the urban centres. It also points to the needs for a strategy and agency focused on supported rural micro-enterprises and rural entrepreneurs.

Public services and rural transport

Among the main identified issues contributing to rural deprivation and depopulation are:

- Lack of access to secure and meaningful employment;
- Low availability of and lack of access to public transport in order to access employment and public services;
- Difficulty accessing childcare; and
  (McDonagh, Varley & Shortall 2009: 16)

The provision of public services in rural areas in the context of a falling and ageing population is a cause for concern. With increased levels of emigration[124] the population in rural areas has become dominated by those who are more reliant on public services (the elderly, children and people with disabilities). There is a need to develop a new rural strategy to take account of the changes in rural areas since the 1999 White Paper. Decisions need to be made regarding the provision and level of public services in rural areas, investment in childcare and transport, and the integration of rural and regional development into a new Spatial Strategy[125]. Some European countries adopt the equivalence principle for the provision of services in rural areas, which decrees that public services in rural areas should be of an equivalent quality to those in urban areas. Walsh and Harvey (2013) propose that this would be a useful guide for investment in an Irish context. The OECD has also noted the need for investment in rural areas in key sectors of transport, information technologies, quality public services, rural firms, conservation and development of local amenities, and rural policy proofing (OECD, 2006). Investment in childcare,

[124] For more details in emigration see chapter 10.

[125] Government stated in February 2013 that a new Spatial Strategy would be developed. It has yet to be published.

transport, progression and outreach are all required as part of a cohesive strategy to promote employment and innovation in rural areas.

The lack of an accessible, reliable and integrated rural transport system is one of the key challenges facing people living in rural areas. Rural dwellers at present shoulder a disproportionate share of the burden of insufficient public transport (EPA 2011: 10). 45 per cent of the rural district electoral divisions in Ireland have a minimal level of scheduled public transport services with varying frequency and timing. Car dependency and the reliance of rural dwellers on private car access in order to avail of public services, employment opportunities, healthcare and recreational activities is a key challenge for policy makers. For a more detailed discussion of public transport see Chapter 9.

The design and implementation of a new rural and regional social and economic development strategy would provide Government and all stakeholders with the opportunity to consider how public services should be provided and delivered in the regions and rural areas. It would also provide an opportunity for the consideration of social, ecological and cultural benefits to, and reasons for investing in, rural areas. The benefits of such investment must be considered in terms which can encompass more than just economic measurements. The withdrawal of, or lack of provision of, services in rural areas undermines development and compromises the needs of those most reliant on those services (Shucksmith, 2012). It is critical that the costs of not investing in rural areas, including social exclusion, continued under-employment, poverty and isolation, are taken into account in any new strategy. The long-term costs of not investing in rural areas and not providing adequate and quality public services to rural and regional communities should be factored into all Government expenditure decisions. A new rural strategy is required which incorporates the social infrastructure, governance and sustainability elements of the Policy Framework for a Just Ireland outlined in Chapter 2.

Rural incomes and rural poverty

Supporting rural households to ensure that they have sufficient incomes will be crucial to the future of rural Ireland. This requires both social and economic supports, and broader skills and economic development strategies. About two-thirds of farm families requires off-farm income to remain sustainable, and while recent gains in agriculture-based incomes have had an impact on the most commercial farms, solutions to the wider income problems requires a broader approach, both for farm and non-farm rural families (O'Donogue et al, 2014:30). In 2015 the median income for an individual[126] in rural areas was €16,791 per annum, compared with the median income for the State of €17,977.

[126] For a definition of median income see chapter 3.

The economies of rural areas have become increasingly dependent on welfare transfers. Poverty rates at all levels are higher in rural areas. The 'at risk of poverty'[127] rate in rural areas is 4.5 percentage points higher than that of urban areas. There is significant regional variation within these figures, and the Border, Midlands and Western (BMW) region has the highest poverty rates and the lowest median income in the State. Worryingly, the BMW region has also seen one of the greatest reductions of full-time employment since 2008 and has one of the lowest levels of IDA-supported employment.

The economic recession and restructuring of agriculture, and subsequent decline in off-farm employment, has led to a narrowing of the economic base in rural areas. Low-paid, part-time and seasonal work and long-term underemployment are significant factors in rural poverty and exclusion (Walsh & Harvey (2013). The problem of underemployment is further highlighted in the assessment of the Rural Social Scheme (RSS) by the Department of Public Expenditure and Reform in 2014. It found that 60 per cent of participants have been on the scheme for more than six years, and 82 per cent for more than three years. The majority of participants are male, and over 70 per cent of these are aged fifty and over. The RSS was designed as an income support scheme for people in rural occupations, not as an employment activation scheme. The assessment acknowledges that the RSS was established to support people who were underemployed in their primary activity. However in light of Government's new labour market activation policies whereby income supports must be integrated with activation measures, schemes such as the RSS are under increasing scrutiny.

The assessment concluded that the RSS is not having a meaningful impact in moving people into sustainable employment, and that the social cohesion objective of the RSS needs to be set against broader high level policy objectives. What this assessment does not consider is the lack of sustainable and appropriate employment in rural areas, nor does it appropriately measure the social value of such a scheme in combating social exclusion and isolation. In contrast, the value for money review of the Disadvantaged Area Scheme noted the multiplier effect of economic supports in rural economies and the contribution the payment makes to both farmers and rural families in income support. The RSS is also a direct income support for rural families and its economic contribution should be considered carefully in light of the CEDRA report recommendation on the matrix of economic and social supports required to contribute to rural recovery. Although no changes were made to the RSS in Budget 2016, it is important that a distinction be made between 'activation programmes' and 'income support schemes' by Government to ensure policy coherence. In the longer term policy, will have to address how to ensure incomes in rural areas and some regions do not fall even further behind.

127 For a definition of 'at-risk-of poverty' rate see chapter 3.

Farm incomes

The average family farm income was €26,974 in 2014 (Teagasc, 2015), an increase of 6 per cent on 2013. This increase was mostly due to the declining costs of input expenditure such as fodder. As ever, there was a wide variation in farm incomes, with less than 20 per cent of Irish farms earning an income of €50,000 per annum or more, while 40 per cent earn less than €10,000 per annum. Average farm income is highest in the Southeast at just over €40,000. The Border is the most disadvantaged region with the lowest farm income and the highest reliance on subsidies.

Key farm statistics:

- Average family farm income was €25,437 in 2014.
- 23 per cent of farms produce a family farm income of less than €5000 per annum. Just 5 per cent of farms produce an income of over €100,000 per annum.
- The average subsidy payment in 2014 was €18,859, and accounted for 70 percent of farm income. On cattle and sheep farms, subsidies comprised over 100 percent of income (Teagasc, 2015).
- Just over half of all farm households have off farm income, with 29 percent of farmers working off-farm.
- Dairy farms are consistently the most profitable farms with an average income of €68,877 in 2014. Cattle rearing farms have the lowest average farm income at €10,271 in 2014.
- Only 37% of farms are economically viable.

These statistics mask the huge variation in farm income in Ireland as a whole. Only a minority of farmers are, at present, generating an adequate income from farm activity and even on these farms income lags considerably behind the national average. The IFA *Farm Income Review 2015* estimates that average farm income in 2015 will be 3 per cent lower than 2014. This is being driven by a sharp fall in milk prices and dairy farm incomes. The abolition of milk quotas in 2015 has resulted in increased supply of milk from the EU. But weak demand from Russia and China means at present there is a surplus supply of milk on the market, keeping prices low. This has had a significant knock-on effect on the incomes of dairy farmers in Ireland.

In 2014 there were 9809 families receiving the Farm Assist Payment. From the mid-1990's, off-farm employment by farmers increased by about 50 per cent. This gain was subsequently wiped out by the recession, increasing the dependence of farms on direct subsidies to avoid rural poverty and social exclusion.

Agriculture and direct employment from agricultural activities have been declining in Ireland. The Department of Agriculture, Food and the Marine has outlined its vision of the future of Irish Agriculture in *Food Harvest 2020* (Department of Agriculture, Food and the Marine, 2011). It envisages that by 2020 the Irish agri-food industry will have developed and grown in a sustainable manner by delivering high quality, natural-based produce. This requires the industry to adopt a 'smart economy' approach by investing in skills, innovation and research. This signals a move away from traditional farming methods towards a method of collaboration across the agricultural, food and fisheries industries. In implementing this policy there needs to be significant investment in sustainable agriculture, as well as rural anti-poverty and social inclusion programmes, in order to protect vulnerable farm households in the transition to a rural development agenda.

The Future of Rural Ireland

Rural Ireland is a valuable natural resource with much to contribute to Ireland's future social, environmental and economy development. However it faces significant challenges in the areas of job creation, service provision for an ageing population, ensuring the natural capital and biodiversity of rural areas is protected and encouraging young people who have left to return and settle in rural areas. Rural areas in Ireland have suffered a loss of young people through migration to urban areas, and experienced population ageing even prior to the recession. Such an enduring loss of educated young people has a negative impact on social structures, service provision, cultural capital, and levels of poverty and social exclusion.

The cumulative impact of measures introduced in Budgets 2012-2015 are likely to have a negative effect on rural families[128] and on the most vulnerable people in rural Ireland. This is exacerbated as inflation rises, rural unemployment persists, employment creation continues to be disproportionately urban-based, and services are either reduced or have their charges increased. The removal of resources from rural areas makes it increasingly difficult to maintain viable communities. Combined with the closure of 139 rural Garda stations in 2012 and 2013,[129] the quality of life for rural dwellers and the sustainability of our rural communities is facing a significant threat. Government must develop policies to deal with the new challenges an ageing population brings to rural areas in relation to health services, social services and accessibility for older and less mobile people. Employment, diversification of rural economies, adaptation to demographic changes and support for young people to stay in their communities are areas that need immediate attention from Government.

[128] For further detail c.f. Social Justice Ireland (2014) *Budget 2015 Analysis and Critique* p.11
[129] 39 Garda Stations were closed in 2012 and 100 Garda Stations were closed in 2013.

Social Justice Ireland believes that we are now reaching a crucial juncture that requires key decisions on social infrastructure, governance and sustainability to ensure the necessary structures are put in place so that rural communities can survive and flourish. The 32nd Dáil has the opportunity to develop and invest in long-term policies that will deliver vibrant communities in rural Ireland. Leadership, ambition and investment are required.

Key Policy Priorities on Rural Development

- Prioritise rolling out high speed broadband to rural areas and invest any windfall gains in frontloading the roll out of rural broadband and associated infrastructure.
- A new national rural and regional economic and social development strategy should be implemented. This strategy should make up a part of a new national spatial strategy.
- Ensure all policies are based on equity and social justice and take account of rural disadvantage.
- Ensure public services in rural areas and the regions are delivered in accordance with the equivalence principle.
- Decisions around services and provision of services must be made in the context of a national spatial strategy.
- Support young people to remain in their communities and implement policies to ensure rural areas can adapt to a changing demographic profile in the longer-term.

13.

THE GLOBAL SOUTH

CORE POLICY OBJECTIVE: THE GLOBAL SOUTH

To ensure that Ireland plays an active and effective part in promoting genuine development in the Global South and to ensure that all of Ireland's policies are consistent with such development.

Human destiny is a choice and not a chance. (Selim Jahan, Human Development Report 2015)

If the objectives set out above are to be achieved *Social Justice Ireland* believes that Government should:[130]

- The Irish Government should renew its commitment to meet the United Nations target of contributing 0.7 per cent of GNP to Overseas Development Assistance by 2020.
- Ensure Irish and EU policies towards countries in the South are just. Ensure that Irish businesses operating in developing countries- in particular Irish Aid country partners- are subject to proper scrutiny and engage in sustainable development practices.
- Ireland should play a prominent role in the support and implementation of the Global Sustainable Development Goals.

[130] Much greater detail on these and related initiatives is provided later in this chapter.

Global development

2015 was a very important year for Global development. In July a new global agenda for financing development was agreed in Addis Ababa. In September the Sustainable Development Goals were adopted in New York. In December the 21st Session of the Conference of the Parties (COP 21) took place in Paris. COP 21 progressed the global effort to tackle climate change and culminated in a new agreement. These gatherings and agreements, while they did not live up to expectations, did engender hope for a better world.

2015 also marked an escalation in global inequality. Credit Suisse (2015) reported that the richest one per cent have accumulated more wealth than the rest of the world's population put together. Oxfam (January 2016)) in a Briefing Paper entitled '*An Economy for the 1%*' calculated that 62 individuals had the same wealth as 3.6 billion people (the poorer half of humanity). Oxfam noted that this figure is down from 388 individuals as recently as 2010. Our economic system is skewed in favour of the better off. Income and wealth has not been trickling down, rather it is being sucked up to the better off. The Oxfam paper noted that since 2000 the poorest half of the world's population has received just one per cent of the total increase in global wealth while half of the global wealth increase has gone to the top one per cent. One of the explanations for this growing inequality is the increasing return to capital versus labour. Since 2009 the salaries of the CEOs at the top US firms have grown by 54 per cent while ordinary wages have barely moved. A second reason for this growing inequality is the global system of tax avoidance. Oxfam analysed 200 companies, including the world's biggest and the World Economic Forum's strategic partners, and found that nine out of ten companies analysed have a presence in at least one tax haven.

The UN Human Development Report 2014 (UNHDR) gives us a snapshot of human development across the Globe. This Report entitled *Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience* offered an optimistic note in certain areas, yet also noted worrying trends. It warns that 'there is evidence that the overall rate of progress is slowing—and this is worrying.' (UN HDR 2014, p.33) Reflecting on welcome reductions in certain select inequality parameters, the report cautions that 'Declines in inequality should be celebrated, but offsetting growing income disparities with progress in health is not enough. To tackle vulnerability, particularly among marginalised groups, and sustain recent achievements, reducing inequality in all dimensions of human development is crucial'. (UN HDR 2014 Summary, p.2). Whilst greater numbers around the world are emerging from poverty, 'more than 2.2 billion people are either near or living in multidimensional poverty. That means more than 15 per cent of the world's people remain vulnerable to multidimensional poverty.' (UN HDR 2014, p.3). As the outbreak of Ebola in West Africa attests, progress for some of the poorest nations can be easily eroded if safety nets and protective mechanisms- both at an institutional and social level- are weak or in some cases non-existent.

The 2014 UN HDR notes that there are 1.2 billion people living on $1.25 a day or less and 2.7 billion living on less than $2.50 (HDR 2014, p.71). The Oxfam paper calculated that 'the average annual income of the poorest 10 percent of people in the world has risen by less than $3 each year in almost a quarter of a century. Their daily income has risen by less than a single cent every year'. (Briefing Paper 2016 p.2). In a world with resources many times what is required to eliminate global poverty this situation is intolerable.

Entitled *Work for Human Development,* the 2015 UN Human Development Report notes the progress that has been made over the past 25 years while highlighting that 'considerable challenges remain, from persistent poverty and grinding inequalities to climate change and environmental sustainability in general, and to conflict and instability'. (UNHDR 2015 p.iii) This Report is a study of how work can enhance human development. It takes a broad view of work, going beyond jobs and taking into account unpaid care work, voluntary work and creative work –all of which contribute to the richness of human lives. The Report reminds us that there is 'no automatic link between work and human development. The quality of work is an important dimension of ensuring that work enhances human development'. (UNHDR 2015 p.iii). At the launch of the Report Selim Jahan, Director of the UN Human Development Report, having listed some of the challenges of inequality, poverty, instability and natural disasters facing us said:

> Work can contribute to overcoming these challenges. But that work has to be quality work, sustainable work, work that contributes to equality, rather that creating inequality, work that respects workers' rights and ensures their safety. The choice is ours – we may choose to pursue those kinds of work or we can go for others. Whatever we choose will determine the future world that we shall leave for the next generation – for our children and grandchildren. Because in the ultimate analysis human destiny is a choice not a chance. (http://hdr.undp.org/en/content/lead-author%E2%80%99s-speech-launch-2015-human-development-report)

It is important that the analysis and reflections of this Report are progressed into national and global policies so that decent work for all is promoted and realised.

Promoting genuine development in the Global South is one of the key policy areas that must be addressed urgently. If this genuine development is to emerge then all pillars of *Social Justice Ireland*'s 'Policy Framework for a Just Society' should be applied to the Global South and we in the Global North must always factor it into our decisions (see Chapter 2).

The 2015 United Nations Human Development Report outlines the size of underdevelopment and inequality. Table 13.1 shows this outline.

Table 13.1: United Nations development indicators by region and worldwide

Region	GNI per capita (US$ PPP)*	Life Expectancy at Birth (yrs)	Adult Literacy %**
Least Developed Countries	2,387	63.3	58.4
Arab States	15,722	70.6	78.0
East Asia + Pacific	11,449	74.0	94.5
Europe + Central Asia	12,791	71.3	98.0
L. America + Caribbean	14,242	75.0	92.3
South Asia	5,605	68.4	62.5
Sub-Saharan Africa	3,363	58.5	58.4
OECD	37,658	80.2	n/a
Worldwide total	**14,301**	**71.5**	**81.2**

Source: UNDP (2015: 211, 245)

Notes: * Gross National Income (GNI) Data adjusted for differences in purchasing power.

** Adult defined as those aged 15yrs and above.The comparable rates for Ireland are: GNI per capita: $39,568; Life expectancy: 80.9; adult literacy: not available

Tables 13.1 and 13.2 show the sustained differences in the experiences of various regions in the world. These differences go beyond just income and are reflected in each of the indicators reported in both tables. Today, life expectancies are years higher in the richest countries than in Sub-Saharan Africa. Similarly, the UN reports that more than 1 in 3 Southern Asians and Sub-Saharan Africans are unable to read.

These phenomena are equally reflected in sizeable differences in income levels (GNI per person) and in the various mortality figures in table 13.2. Table 13.2 shows that there are 439 deaths per 100,000 live births in Least Developed Countries as against 21 in OECD countries

Table 13.2: Maternal and Infant Mortality Rates

Region	Maternal Mortality Ratio#	Under-5yrs mortality rate*
Least Developed Countries	439	78.8
Arab States	155	37.6
East Asia + Pacific	72	19.5
Europe + Central Asia	28	23.8
L. America + Caribbean	85	17.9
South Asia	183	54.9
Sub-Saharan Africa	506	91.2
OECD	21	7.6
Worldwide total	**210**	**45.6**

Source: UNDP 2015 (227, 241)
Notes: # ratio of the number of maternal deaths to the number of live births expressed per 100,000 live births
*number of deaths per 1,000 live births. Figures up to 2013.
The comparable rates for Ireland are: Maternal mortality: 9; Under 5 mortality: 3.8

Wars

The abuse of power, poor governance, inter-community disputes and the easy availability of arms increase vulnerability and instability for many communities. The plight of refugees, especially children fleeing from violence and terror in their native countries and trying to access safety in Europe has been graphically displayed on our TV screens and newspapers during the past year. Much of the commentary and reports from the many 'crisis' meetings of EU leaders is about who should take responsibility for accommodating these people. There is very little focus on the questions of what are the causes of the problems or on who is gaining from all this human misery. If there is to be a peaceful solution to these problems we need a more comprehensive analysis of the causes and an identification of the beneficiaries. In particular, the rewards to the arms industry need to be highlighted and challenged.

On this issue the latest figures from the Stockholm International Peace Research Institute (SIPRI) (2016) give us food for thought. World military expenditure was estimated at $1,776 billion or $245 per person in 2014. Over the past five years the volume of international transfers of weapons was up 14 per cent. The biggest exporters of arms in the past five years are USA, Russia, China, France and Germany. 74 per cent of the volume exported came from these five countries. The biggest importers of arms in this period were India, Saudi Arabia, China, UAE and Australia.

In the past five years arms imports by the Middle East increase by 61 per cent and imports by states in Africa by 19 per cent. SIPRI notes that in the past 10 years data availability slowed in particular in Africa and the Middle East. On a Global basis the overwhelming majority of violent conflicts are intra-state conflicts, their victims are mostly civilians. These conflicts are fought with small arms. The production and trade of these arms is the least transparent of all weapons systems. Ireland as a neutral country should have a role in researching, challenging and advocating for tight controls in the production and distribution of weapons.

A number of Irish Aid's partner countries neighbour nations currently mired in conflict, such as Ethiopia (which shares a border with South Sudan and Somalia) and Uganda (which shares a border with Democratic Republic of Congo and South Sudan). Ireland should ensure its country offices and overseas programs engage in mediation efforts where possible and promote positive reconciliation efforts amongst civil society groups. Lessons learned from the Department of Foreign Affairs and Trade's (DFAT) Reconciliation Fund projects- fostering peace and community interaction within Northern Ireland, as well as between communities in Northern Ireland, Republic of Ireland and Britain, would allow the DFAT to offer positive insights on reconciliation and cross-border co-operation in other settings.

Climate change[131]

The effects of climate change have increased the vulnerability of many communities leading to enforced migration, internal displacement, poverty and hunger. Food production is a huge challenge for communities constantly forced to move. The Intergovernmental Panel on Climate Change (IPCC) estimates that such scarcity will lead to increased conflict and regional instability in many of the poorest parts of the world:

> Climate change can indirectly increase risks of violent conflicts in the form of civil war and inter-group violence by amplifying well-documented drivers of these conflicts such as poverty and economic shocks (medium confidence). Multiple lines of evidence relate climate variability to these forms of conflict. (IPCC Climate Change 2014: Impacts, Adaptation, and Vulnerability, Summary for Policymakers, p.20).

A World Bank report in 2009 indicated, 'the major challenge is to identify actions that will support and/or accelerate ongoing development efforts while making them more resilient to climatic risks' (*Making Development Climate Resilient: a World Bank*

[131] Climate change was discussed in Chapter 11. We return to the issue briefly here to highlight the particular vulnerabilities of the people of developing countries.

Strategy for Sub-Saharan Africa, 2009, p.xvi). The *African Union Common African Position (Cap) On The Post- 2015 Development Agenda* (2014) stressed that African nations 'recognize that adaptation to the phenomenon represents an immediate and urgent global priority' (p.13). However research by the Overseas Development Institute (ODI) and Climate and Development Knowledge Network (CDKN) noted the worrying situation that many African countries are not preparing adequately for the effects of Climate Change. The majority of Irish ODA is focused on African countries and the Irish Government must ensure Irish Aid engages and fosters the use of climate change planning in future planning. It is imperative the richer nations of the world, including Ireland, take the lead on Climate Change for the simple reality that 'The richest seven per cent of the world's population (equal to half a billion people) are responsible for 50 per cent of global CO2 emissions; whereas the poorest 50 percent emit only seven per cent of worldwide emissions' (*Even it Up*, Oxfam, 2014, p.41).

Millennium Development Goals and Global Goals for Sustainable Development[132]

At the start of the new millennium the UN member states gathered together to agree a vision to fight poverty and related issues. The resulting vision culminated in the eight Millennium Development Goals (MDGs) which has been the world's development framework since. It was set to expire in 2015. Progress on these goals has been mixed with some countries outperforming others. The Millennium Development Goals Report 2015 evaluated the progress over the 15 years. Among the targets monitored it reported that people living in extreme poverty has declined by more than half; primary school enrolment has reached 91 per cent (up from 83 per cent) with the greatest achievement in Sub-Saharan Africa; the developing regions as a whole have achieved the target to eliminate gender disparity in primary, secondary and tertiary education; under-five mortality rate has declined by more than half; new HIV infections fell by 40 per cent; ozone-depleting substances have been virtually eliminated; ODA from developed countries increased by 66 per cent. (p.4)

Critics of the MDGs argue that these goals were dictated by donors, written by donors, and made sense in the Aid Effectiveness agenda and process (Paris 2005 – Accra 2008 – Busan 2011), rather than in the development agenda. As a consequence, there was very little ownership of the MDGs by development actors and very few countries attempted to localise them.

[132] The Global Goals for Sustainable Development were discussed in Chapter 11. We return to the issue briefly to highlight the particular need and urgency for the people of developing countries)

Reflecting on the of the MDGs outcomes the UN Secretary-General, Ban Ki-moon noted:

> 'for all the remarkable gains, I am keenly aware that inequalities persist and that progress has been uneven.... Experience and evidence from the efforts to achieve the MDGs demonstrate that we know what to do. But further progress will require an unswerving political will, and collective, long-term effort. We need to tackle root causes and do more to integrate the economic, social and environmental dimensions of sustainable development. (3)

He goes on to advocate that these lessons be put into practice both in the preparation and implementation of the Sustainable Development Goals. Towards the end of the MDGs process the UN Rio+20 Conference on Sustainability was held and reflected on the progress to date. One of the main outcomes of the UN Rio+20 Conference in 2012 was the agreement by member States to establish a process to develop sustainable development goals. There was a concern that all member states would contribute to and 'buy in' to these goals. In early 2013 the UN General Assembly established the Open Working Group and mandated it to facilitate a wide consultation process among member states in the process of drafting these goals. Seventeen goals and 169 targets were adopted by the UN Summit in September 2015. (cf. Chapter 11). Ireland co-facilitated the final round of negotiations in preparation for this summit. There is an onus now on Ireland to play a significant role in supporting and monitoring these goals.

Human Rights and Governance.

Social Justice Ireland is a signatory of the *Galway Platform on Human Rights in Irish Foreign Policy.* This document reflects the views of many groups and academics and is a comprehensive contribution to development policy.

Ireland's Foreign Policy was subject to a significant review which resulted in the 2015 publication of *The Global Island: Ireland's Foreign Policy for a Changing World.* In our submission to the Review, we noted the importance of articulating a vision that is inspirational, attractive and achievable and how this vision could be promoted at home and abroad. We urged that a major focus of this review be on human rights and governance. The publication set out to offer the latest comprehensive outline of Irish Foreign policy since the 1996 White Paper *Challenges and Opportunities Abroad* (*The Global Island,* Foreword, p.1).

Social Justice Ireland welcomes the emphasis on Human Rights and Governance in this review, reflecting priorities as set out by the Galway Platform for Human Rights in Irish Foreign Policy in December. The report emphasises

> Good governance and accountability are vital for the realisation of human rights, and key to addressing inequality, discrimination and exclusion which lie at the core of poverty. We will continue to focus on building effective institutions and policies as well as encouraging popular participation in the democratic process (The Global Island p.40).

Governance is the institutional context within which rights are achieved or denied. It is about how power and authority are exercised in the management of the affairs and resources of a country. *Social Justice Ireland* welcomes this emphasizes on good governance, both at home and abroad, and urges the Irish Government to ensure such guiding principles are maintained in all its development projects.

The Review is welcome in many respects, offering a revised outlook of Ireland's foreign policy in the years ahead. This is especially important given the decline in ODA contribution as a percentage of GDP and the cuts to Irish Aid's budget in recent years. The Review puts forward a vision of Ireland's Foreign Policy under five interrelated themes: 'Our People', 'Our Values', 'Our Prosperity', 'Our Place in Europe', 'Our Influence'. Whilst *The Global Island* places a great deal of importance on Human Rights obligations, it is vaguer on specific incorporation of Human Rights criteria throughout the Department of Foreign Affairs and Trade (DFAT) operations- this should be spelled out clearly in all future policy documents and country-specific projects.

In order to ensure good governance strong independent civil society organisations are necessary to articulate the views of the people, challenge injustices, and highlight social exclusion. The Irish Aid Report 2014 emphasises the Irish Government's commitment to foster civil society in host countries and Ireland should continue to ensure a space and support for a vibrant promotion of human rights and democratic participation across the globe. This is especially important given some of Ireland's key partner countries- including Ethiopia and Uganda- have a record of stifling democratic opposition and civil society activism.

Trade and debt

The fact that the current inequality between rich and poor regions of the world persists is largely attributable to unfair trade practices and to the backlog of unpayable debt owed by the countries of the South to other governments, to the World Bank, the International Monetary Fund (IMF) and to commercial banks.

The effect of trade barriers cannot be overstated; by limiting or eliminating access to potential markets the Western world is denying poor countries substantial income. In 2002 at the UN Conference on Financing and Development Michael

Moore, the President of the World Trade Organisation (WTO), stated that the complete abolition of trade barriers could 'boost global income by $2.8 trillion and lift 320 million people out of poverty by 2015'.

Supporting developing countries to develop and implement just taxation systems would give a huge boost to local social and economic activity. *Social Justice Ireland* notes the initiatives outlined in the 2013 Irish Aid Report, to help developing countries to raise their own revenue and the reiteration of this in the *Global Island* (p.41). We urge Government to learn from and expand these programmes. We support Oxfam's call for a Global Compact on Taxation. Whilst some critics argue that such a deal may be difficult to achieve the losses that developing countries incur due to tax evasion is sizeable and galling. The Human Development Report 2014 noted that 'For the least developed countries illicit financial flows increased from $9.7 billion in 1990 to $26.3 billion in 2008, with 79 percent of this due to trade mispricing. To put this in context, for every dollar of official development assistance that the least developed countries received, an average of 60 cents left in illicit flows between 1990 and 2008' (HDR, 2014, p.119).

Social Justice Ireland also supports the introduction of a financial transaction tax (FTT) which it sees as progressive since it is designed to target only those profiting from speculation. It is clear that all countries would gain from trade reform.

The high levels of debt experienced by Third World countries have disastrous consequences for the populations of these indebted countries. Governments that are obliged to dedicate large percentages of their country's GDP to debt repayments cannot afford to pay for health and educational programmes for their people. Ellmers & Hulova (2013) estimate that the external debt of countries of the global South has doubled over the past decade to reach $4.5 trillion. Debt and Development Coalition estimate that revenue lost from global South countries through illicit capital flight is at €660 - €870 billion per year. It is not possible for these countries to develop the kind of healthy economies that would facilitate debt repayment when millions of their people are being denied basic healthcare and education and are either unemployed or earn wages so low that they can barely survive.

The debt relief initiatives of the past 10 years have been very welcome. These initiatives need to be further developed as there is growing concern that the debts of the poorest countries are beginning to rise again. It is now important that Ireland campaign on the international stage to reduce the debt burden on poor countries. Given Ireland's current economic circumstances, the Irish population now has a greater appreciation of the implications of these debts and the merit in having them reduced.

Ireland's commitment to Overseas Development Assistance (ODA)

Ireland's Policy for International Development, *One World, One Future,* published in 2013 reiterated the Programme for Government's commitment to achieve the target of 0.7 per cent of Gross National Income allocated to international development cooperation. It went on to state that: 'Recognising the present economic difficulties, the Government will endeavour to maintain aid expenditure at current levels, while moving towards the 0.7 per cent target' (p3). *Social Justice Ireland* welcomed this commitment but is disappointed that a date by which this target would be met has not been set.

As table 13.3 shows, over time Ireland had achieved sizeable increases in our ODA allocation. In 2006 a total of €814m (0.53 per cent of GNP) was allocated to ODA – reaching the interim target set by the Government. Budget 2008 further increased the ODA budget to reach €920.7m (0.59 per cent of GNP) (Irish Aid (2015). However, since then the ODA budget has been a focus of government cuts and has fallen by €280m – more than 30 per cent.

Table 13.3: Ireland's net overseas development assistance, 2006-2016

Year	€m's	% of GNP
2006	814.0	0.53
2007	870.9	0.53
2008	920.7	0.59
2009	722.2	0.55
2010	675.8	0.53
2011	657.0	0.50
2012	628.9	0.47
2013	637.1	0.46
2014	614.9	601
2015	641	0.39
2016	0.38*	0.34*

Source: Irish Aid (2014:54) and various Budget Documents.
* Estimate

This is very disappointing as this is an allocation to the poorest people on the planet and should have been given first priority. Ahead of Budget 2016, *Social Justice Ireland* called for an increase of €140 million in the ODA budget to reach 0.42 per cent of GDP. However, Budget 2016 saw ODA budget drop to 0.34 per cent of GDP. We urge

Government to halt this slide and begin the process of increasing the allocation to reach the 0.7 per cent of GNP target by 2020. An Ipsos MRBI poll in July 2014 found that over 77 per cent of respondents were in favour of Government meeting its commitment of providing over 0.7 per cent of GDP in ODA. Opinion polls have consistently shown public support for high levels of ODA and Government meeting its UN obligation in this regard.

Rebuilding our commitment to ODA and honouring the UN target should be important policy paths for Ireland to pursue in the years to come. Not only would its achievement be a major success for government, and an important element in the delivery of promises made but it would also be of significance internationally. Ireland's success would not only provide additional assistance to needy countries but would also provide leadership to those other European countries who do not meet the target. The Department of Foreign Affairs and Trade (DFAT) and the Irish Government regularly cite the positive assessment international bodies give of Irish overseas aid. The OECD's Development Assistance Committee (DAC) Peer Review of Ireland noted how Ireland's 'institutional structures enable it to deliver co-ordinated, quality development co-operation and to be a pragmatic and flexible partner' (*OECD Development Co-operation Peer Reviews: Ireland 2014*, p. 17). However, if ODA contributions continue to decline aid programs- and poor communities in host countries- will suffer. As the Dóchas 2015 budget submission stated: 'The 0.7 per cent target is based on a percentage, meaning that the growth or shrinkage of a country's economy should not affect its progress towards the target. This in-built mechanism ensures fairness and demonstrates the 0.7 per cent target is not a matter of economic prosperity but a direct indicator of a county's commitment to development' (Dóchas Budget 2015 Submission to the Minister for Finance, *Demonstrating Ireland's Commitment to Development Cooperation*, Summary). Despite the challenges in Ireland at present, we believe that we should care for those less well-off particularly the world's poorest people.

HIV/AIDS

UN AIDS Day Report 2015 declared 'The world has halted and reversed the spread of HIV'. (p3) Progress against the spread of HIV/AIDS has been one of the more notable successes of the Millennium Development Goals (MDGs). However there is no time for complacency as much work remains to be done. This Report notes the facts:

- 36.9 million people are living with HIV globally in 2014. 17.1 million of these people do not know they have the virus. 22 million do not have access to HIV treatment including 1.8 million children.

- The number of people living with HIV continues to increase, in large part because more people globally are accessing antiretroviral therapy and as a result are living longer, healthier lives.
- About 2 million people were newly infected with HIV in 2014
- There is a 35 per cent decrease in new HIV infections since 2000
- 15.8 million people were receiving antiretroviral therapy globally at the end of June 2015. This is an increase of 84 per cent in people accessing antiretroviral therapy since 2010.
- In 2014 about 1.2 million people died of AIDS-related illness. It is good to note that this is a 42 per cent decrease in AIDS-related deaths since the peak in 2004.

The incidence of HIV throws a spotlight on the inequalities in our world.

- Of the 2 million people newly infected with HIV in 2014, 1.4 million were in sub-Saharan Africa. This is a 41 per cent drop since 2000.
- In eastern Europe and central Asia new infections rose by 30 per cent between 2000 and 2014.
- Of the 1.2 million AIDS-related deaths in 2014, 790,000 were in sub-Saharan Africa.
- In eastern Europe and central Asia the number of AIDS-related deaths more that trebled between 2000 and 2014. (p11)
- Young women and adolescent girls are disproportionately vulnerable and at high risk of infection.

In September 2014, UN AIDS released a report *Fast-Track - Ending the AIDS epidemic by 2030*. The ambitious goals including a commitment to 90-90-90 by 2020, meaning:

- 90 per cent of people living with HIV knowing their HIV status, 90 per cent of people who know their status receiving treatment and 90 per cent of people on HIV treatment having a suppressed viral load so their immune system remains strong and they are no longer infectious. This would mean 500,000 new adult infections by 2020 (p.10).
- By 2030, the goal is to further increase coverage to 95-95-95 with a reduction to 200,000 new adult infections. (p.10-11).

Following on from this ambitious report, Mayors from cities across the world came together to reiterate these goals and sign the Paris Declaration on December 1, 2014, representing a new commitment on the part of world leaders to combat the disease. Among others they committed to:

> Investing in the AIDS response together, with a strong commitment to public health, is a sound investment in the future of our cities that fosters productivity, shared prosperity and well-being. We will adapt our city plans and resources for a Fast-Tracked response. We will develop innovative funding and mobilise additional resources and strategies to end the AIDS epidemic by 2030. (no 6)

The international community must take its commitment seriously and act with urgency. *Social Justice Ireland* urges Government to meet its commitments in this area and ensure Ireland plays a key role internationally in responding to this crisis.

Key Policy Priorities

- The Irish Government should renew its commitment to meet the United Nations target of contributing 0.7 per cent of GNP to Overseas Development Assistance by 2020 and set a clear pathway to achieve this.
- Take a far more proactive stance at government level on ensuring that Irish and EU policies towards countries in the South are just. Ensure that Irish businesses operating in developing countries- in particular Irish Aid country partners- are subject to proper scrutiny and engage in sustainable development practices.
- Continue to support the international campaign for the liberation of the poorest nations from the burden of the backlog of unpayable debt and take steps to ensure that further progress is made on this issue.
- Ireland should play a prominent role in the support and implementation of the Global Sustainable Development Goals.
- Work for changes in the existing international trading regimes, to encourage fairer and sustainable forms of trade. In particular, resource the development of Ireland's policies in the WTO to ensure that this goal is pursued.
- Ensure that the government takes a leadership position within the European and international arenas to encourage other states to fund programmes and research aimed at resolving the AIDS/HIV crisis.

14.

VALUES

The society we have today is the result of decisions taken over the past decades. It can be changed. If we desire change it will only come as a result of different decisions being made by a variety of policy-makers and institutions. The proposals made in this Socio-Economic Review could be implemented if those with the competent authority took the decisions required. All decisions are based on values. Everyone can contribute to societal change by raising questions and encouraging debate around vision, values and ethics.

> While there were many factors that contributed to the financial meltdown of 2008, they start with the exclusion of ethics from economic and business decision making. The designers of the new financial order had complete faith that the 'invisible hand' of market competition would ensure that the self-interested decisions of market participants would promote the common good. (Clark and Alford, 2010).

We need to reclaim and promote ethics in business. Pope Francis reminds us that:

> Politics must not be subject to the economy, nor should the economy be subject to the dictates of an efficiency-driven paradigm of technocracy. Today, in view of the common good, there is urgent need for politics and economics to enter into a frank dialogue in the service of life, especially human life. Saving banks at any cost, making the public pay the price, foregoing a firm commitment to reviewing and reforming the entire system, only reaffirms the absolute power of a financial system, a power which has no future and will only give rise to new crises after a slow, costly and only apparent recovery. The financial crisis of 2007-8 provided an opportunity to develop a new economy, more attentive to ethical principles, and new ways of regulating speculative financial practices and virtual wealth. But the response to the crisis did not include rethinking the outdated criteria which continue to rule the world. (Pope Francis, 2015)

The people who are bearing the cost of the economic crash are obvious, the unemployed; emigrants who were forced to leave Ireland; poor, sick and vulnerable people who have had their income and social services cut. We are conscious of much fear, anxiety and anger in our communities. There is a pervasive distrust of many institutions. The critical question now is how do we prevent a recurrence of this type of economic crash? While some people advocate good regulation as the solution, others are sceptical and search for more radical approaches.

Now eight years after the economic crash some commentators are urging us to look to the new 'shoots' and new signs of economic recovery. We are being encouraged to accept the current reality and 'move on'. We are discouraged from taking a critical look at what has happened to sections of our society especially people on middle and lower incomes, and the socio-economic gap that has widened between them and the better off.

These observations, reflections and questions bring to the fore the issue of values. Our fears are easier to admit than our values. Do we as a people accept a two-tier society in fact, while deriding it in principle? The earlier chapters of this review document many aspects of this divided society. It is obvious that we are becoming an even more unequal world. Scarce resources have been taken from poorer people to offset the debts of bankers and speculators. This shift of resources is made possible by the support of our national value system. This dualism in our values allows us to continue with the status quo, which, in reality, means that it is okay to exclude almost one sixth of the population from the mainstream of life of the society, while substantial resources and opportunities are channelled towards other groups in society. This dualism operates at the levels of individual people, communities and sectors.

To change this reality requires a fundamental change of values. We need a rational debate on the kind of society in which we want to live. If it is to be realistic, this debate should challenge our values and support us in articulating our goals and formulating the way forward.

Human dignity, human rights and the common good

Social Justice Ireland wishes to contribute to this debate and believes that the focus for this debate should be human dignity, human rights and the common good. Discussion and reflection on human dignity can be traced back to the writings of ancient philosophers and religious traditions. The history of this discourse is long and complex. However it was not until 1948 that it was clearly articulated in the Universal Declaration of Human Rights. Social Justice Ireland believes that every person should have seven basic socio-economic and cultural rights i.e. the right to:

- Sufficient income to live life with dignity,

- meaningful work,
- appropriate accommodation.
- participate in shaping the decisions that affect their lives.
- appropriate education
- essential healthcare
- an environment which respects their culture.

These rights can only be vindicated when society structures itself to provide the resources necessary in the interest of the common good. Hollenbach (1989) reminds us that rights are not simply claims to pursue private interests or to be left alone. Rather, they are claims to share in the common good of civil society.

Related to the discourse on human dignity is the discourse on the common good. This discourse can be traced to Plato, Aristotle and Cicero. More recently, the philosopher John Rawls defined the common good as 'certain general conditions that are…equally to everyone's advantage' (Rawls, 1971 p.246). François Flahault notes 'that the human state of nature is the social state, that there has never been a human being who was not embedded, as it were, in a multiplicity. This necessarily means that relational well-being is the primary form of the common good. Just as air is the vital element for the survival of our bodies, coexistence is the element necessary for our existence as persons. The common good is the sum of all that which supports coexistence, and consequently the very existence of individuals.'

This understanding was also reflected at an international gathering of Catholic leaders. They saw the common good as 'the sum of those conditions of social life by which individuals, families and groups can achieve their own fulfilment in a relatively thorough and ready way' (Gaudium et Spes no.74). This understanding recognises the fact that the person develops their potential in the context of society where the needs and rights of all members and groups are respected. The common good, then, consists primarily of having the social systems, institutions and environments on which we all depend work in a manner that benefits all people simultaneously and in solidarity. A similar view is expressed in a NESC study (2009) which states that 'at a societal level, a belief in a "common good" has been shown to contribute to the overall well-being of society. This requires a level of recognition of rights and responsibilities, empathy with others and values of citizenship'

Human rights are the rights of all persons so that each person is not only a right-holder but also has duties to all other persons to respect and promote their rights. Thus there is a sharing of the benefits of rights and the burden of duties. Alan Gewirth (1993) notes that human rights have important implications for social policy. On the one hand the State must protect equally the freedom and basic well-being of all persons and on the other hand it must give assistance to persons who cannot maintain their well-being by their own efforts.

Understanding of Justice

Christianity subscribes to the values of both human dignity and the centrality of the community. The person is seen as growing and developing in a context that includes other people and the environment. Justice is understood in terms of relationships. The Christian scriptures understand justice as a harmony that comes from fidelity to right relationships with God, people and the environment. A just society is one that is structured in such a way as to promote these right relationships so that human rights are respected, human dignity is protected, human development is facilitated and the environment is respected and protected (Healy and Reynolds, 2003:188).

Appropriate Structures

As our societies have grown in sophistication, the need for appropriate structures has become more urgent. The aspiration that everyone should enjoy the good life, and the goodwill to make it available to all, are essential ingredients in a just society. But this good life will not happen without the deliberate establishment of structures to facilitate its development. In the past charity, in the sense of alms-giving by some individuals, organisations and Churches on an arbitrary and ad hoc basis, was seen as sufficient to ensure that everyone could cross the threshold of human dignity. Calling on the work of social historians it could be argued that charity in this sense was never an appropriate method for dealing with poverty. Certainly it is not a suitable methodology for dealing with the problems of today. As recent world disasters have graphically shown, charity and the heroic efforts of voluntary agencies cannot solve these problems on a long-term basis. Appropriate structures should be established to ensure that every person has access to the resources needed to live life with dignity.

Future Generations

Few people would disagree that the resources of the planet are for the use of the people - not just the present generation, but also the generations still to come. In Old Testament times these resources were closely tied to land and water. A complex system of laws about the Sabbatical and Jubilee years (Lev 25: 1-22, Deut 15: 1-18) was devised to ensure, on the one hand, that no person could be disinherited, and, on the other, that land and debts could not be accumulated. This system also ensured that the land was protected and allowed to renew itself.

Ownership and Property

These reflections raise questions about ownership. Obviously there was an acceptance of private property, but it was not an exclusive ownership. It carried social responsibilities. We find similar thinking among the leaders of the early Christian community. St John Chrysostom, (4^{th} century) speaking to those who could manipulate the law so as to accumulate wealth to the detriment of others, taught that 'the rich are in the possession of the goods of the poor even if they have acquired them honestly or inherited them legally' (Homily on Lazarus). These early leaders also established that a person in extreme necessity has the right to take from the riches of others what s/he needs, since private property has a social quality deriving from the law of the communal purpose of earthly goods (Gaudium et Spes 69-71).

In more recent times, Pope Paul VI (1967) said

> private property does not constitute for anyone an absolute and unconditional right. No one is justified in keeping for his/her exclusive use what is not needed when others lack necessities.... The right to property must never be exercised to the detriment of the common good. (Populorum Progressio No. 23).

Pope John Paul II further developed the understanding of ownership, especially in regard to the ownership of the means of production. Recently this position has been reiterated by Pope Francis (2015): 'the Church does indeed defend the legitimate right to private property, but she also teaches no less clearly that there is always a social mortgage on all private property, in order that goods may serve the general purpose that God gave them.' (No 93)

Technology

One of the major contributors to the generation of wealth is technology. The technology we have today is the product of the work of many people through many generations. Through the laws of patenting and exploration a very small group of people has claimed legal rights to a large portion of the world's wealth. Pope John Paul II questioned the morality of these structures. He said 'if it is true that capital as the whole of the means of production is at the same time the product of the work of generations, it is equally true that capital is being unceasingly created through the work done with the help of all these means of production'. Therefore, no one can claim exclusive rights over the means of production. Rather, that right 'is subordinated to the right to common use, to the fact that goods are meant for everyone'. (Laborem Exercens No.14). Since everyone has a right to a proportion of the goods of the country, society is faced with two responsibilities regarding economic resources: firstly, each person should have sufficient resources to access the good life; and secondly, since the earth's resources are finite, and since "more" is not necessarily "better", it is time that society faced the question of putting a limit on the wealth that any person or corporation can accumulate. Espousing the value of environmental sustainability requires a commitment to establish systems that ensure the protection of our planet.

In his exhortation, *The Joy of the Gospel,* (Evangelii Gaudium) Pope Francis (2013) named the trends that are detrimental to the common good, equality and the future of the planet. He says:

> While the earnings of the minority are growing exponentially, so too is the gap separating the majority from the prosperity enjoyed by those happy few. This imbalance is the result of ideologies which defend the absolute autonomy of the marketplace and financial speculation. Consequently, they reject the right of states, charged with vigilance for the common good, to exercise any form of control. A new tyranny is thus born, invisible and often virtual, which unilaterally and relentlessly imposes its own laws and rules. Debt and the accumulation of interest also make it difficult for countries to realise the potential of their economies and keep citizens from enjoying their real purchasing power. To all this we can add widespread corruption and self-serving tax evasion, which have taken on worldwide dimensions. The thirst for power and possessions knows no limits. In this system, which tends to devour everything which stands in the way of increased profits, whatever is fragile, like the environment, is defenceless before the interests of a deified market, which becomes the only rule. (par 56)

The concern of Pope Francis to build right relationships extends from the interpersonal to the inter-state to the global.

Interdependence, mutuality, solidarity and connectedness are words that are used loosely today to express a consciousness which resonates with Christian values. All of creation is seen as a unit that is dynamic - each part is related to every other part, depends on it in some way, and can also affect it. When we focus on the human family, this means that each person depends on others initially for life itself, and subsequently for the resources and relationships needed to grow and develop. To ensure that the connectedness of the web of life is maintained, each person depending on their age and ability is expected to reach out to support others in ways that are appropriate for their growth and in harmony with the rest of creation. This thinking respects the integrity of the person, while recognising that the person can achieve his or her potential only in right relationships with others and with the environment.

As a democratic society we elect our leaders regularly. We expect them to lead the way in developing the society we want for ourselves and our children. Election and budget times give an opportunity to scrutinise the vision politicians have for our society. Because this vision is based on values it is worth evaluating the values being articulated. It is important that we check if the plans proposed are compatible with the values articulated and likely to deliver the society we desire.

Most people in Irish society would subscribe to the values articulated here. However these values will only be operative in our society when appropriate structures and infrastructures are put in place. These are the values that *Social Justice Ireland* wishes to promote. We wish to work with others to develop and support appropriate systems, structures and infrastructures which will give practical expression to these values in Irish society.

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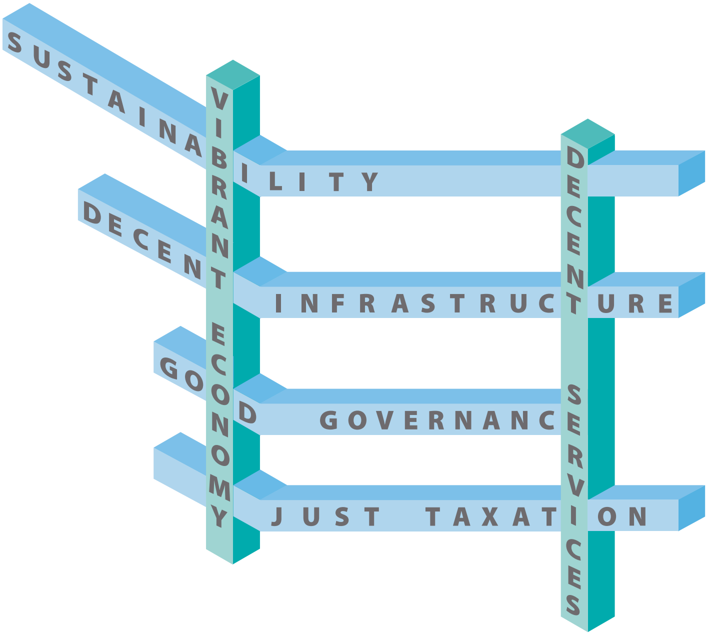
Ireland now has choices to make. The resources and the capacity exist to build a fair and just future for everyone in Irish society. The choices made should focus on delivering equity and sustainability while securing solidarity and the common good. Most Irish people want to live in a society with these characteristics. However, for such a society to emerge Ireland's decisions need to focus on delivering a vibrant economy, decent services and infrastructure, just taxation, good governance and a sustainable future. Such a future is possible but it requires that choices are made to secure these five very desirable outcomes in new and creative ways, recognising that they are all dependent on each other and that no one area should be given priority over the others. In this publication Social Justice Ireland sets out a pathway towards such a future.



SOCIAL JUSTICE IRELAND

working to build a just society

Social Justice Ireland, Arena House,
Arena Road, Sandyford, Dublin D18 V8P6
Phone: 01 213 0724

www.socialjustice.ie

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