Better Europe Alliance

Irish Civil Society Organisations for a Social and Sustainable Europe

Response to European Commission

2017 Country Report for Ireland

Including proposal for Country Specific Recommendations for Ireland and Ireland's NRP

April 2017

The **Better Europe Alliance**, Irish Civil Society Organisations for a Social and Sustainable Europe, involves a range of social and equality NGOs, the Environmental Pillar and the SIPTU trade union. The overall objective of the Alliance is to strengthen progress towards the social and environmental goals of the Europe 2020 strategy and to improve the level of debate and engagement of all stakeholders in progressing the Europe 2020 Strategy and the European Semester. The Better Europe Alliance is coordinated by the European Ani-Poverty Network (EAPN) Ireland.

The members of the Better Europe Alliance are:

- Age & Opportunity
- Co-operative Housing Ireland
- Disability Federation of Ireland
- Environmental Pillar
- EAPN Ireland
- Irish National Organisation of the Unemployed
- Irish Rural Link
- National Adult Literacy Agency
- National Women's Council of Ireland
- SIPTU
- Social Justice Ireland
- Society of Saint Vincent de Paul

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Contents

1. Introduction

As part of the annual European Semester process the European Commission published its Country Reports on each EU Member State, including Ireland, in February 2017[1]. These Country Reports present the Commission's analysis of the economic, social and to a lesser extent the environmental policies of each country as well as national progress in delivering on both the five agreed Europe 2020 targets and the Country Specific Recommendations issued by the Commission the previous year. The reports of Member States with higher economic risks, and which are therefore under the macroeconomic imbalance procedure, have additional sections on these risks. Ireland continues to be one of these countries.

The Country Reports are published by the Commission to:

- support debate on the policy issues they raise; and
- inform the content of each Member States' National Reform Programmes (sent to the European Commission in mid-April) and the Country Specific Recommendations (issued by the European Commission to each Member State in May).

[1] European Commission 2017. Country Report for Ireland https://ec.europa.eu/info/files/2017-european-semester-country-report-ireland_en

The Better Europe Alliance have analysed the Irish Country Report. This paper is part of our contribution to the debate and the policy development that flows from it, with the aim of ensuring a more just, inclusive and sustainable future for Ireland.

2. What is the EU Semester and Europe 2020 Strategy?

The European Semester is the annual reporting and coordination process at EU level from 2010-2020 whereby EU Member States, under the coordination of the European Commission, work together towards agreed, economic, social and environmental goals[2]. The economic goals are agreed as part of the Growth and Stability Pact and these are binding, while the social and environmental goals are part of the five targets agreed to as part of the Europe 2020 Strategy for smart, sustainable and inclusive growth. The five Europe 2020 targets are:

1. Raise to 75% the employment rate of women and men aged 20-64.
2. Spend 3% of GDP on research and development.
3. Reduce greenhouse gas emissions by 20% by 2020, increase the share of renewables in energy consumption by 20% and move towards a 20% increase in energy efficiency.
4. Reduce school drop-out rates to less than 10% and increase the share of 30-34 years old having completed tertiary or equivalent education to at least 40%.
5. Lift at least 20 million people out of risk of poverty and exclusion by 2020.

The Irish Government has agreed on national targets to contribute to the overall EU targets and these are reported on annually in the National Reform Programme. Commitments at EU level will have a direct bearing on the policies being implemented at national level. While there is more visibility of social issues in the past year, the Alliance strongly believes that for many years the process has been driven by economic goals and dominated by austerity policies. These have undermined the Europe 2020 Strategy and the social and environmental goals.

The Better Europe Alliance has produced a briefing on the European Semester and Europe 2020 Strategy which was updated by the European Anti-Poverty Network Ireland in 2015[3].

3. Response overview

As in the previous year while the 2017 Country Report for Ireland contains a stronger focus on social elements, and to a much lesser extent on environmental issues, it continues to be dominated by economic concerns. This may be because the European Semester is primarily understood as a process for economic policy coordination. However, this process needs to be more balanced and to recognise the interrelatedness and interdependence of social, economic and environmental policy.

[2] European Commission webpage https://ec.europa.eu/info/strategy/european-semester_en

[3] European Anti-Poverty Network Ireland 2015. Policy Briefing and Update on Poverty Targets, the European Semester and Europe 2020 http://www.eapn.ie/eapn/wp-content/uploads/2015/09/eapn-ireland-briefing-on-europe-2020-and-suropean-semester-august2015.pdf

The overall goal however should be to ensure a better and more sustainable quality of life for everyone. This means social and environmental concerns need to be given equal priority to economic policy issues in the Country Reports. Due to the particularly weak focus on environmental issues we have given it more prominence in this response.

The interconnection between the different policy areas continues to be a weakness in this Country Report as it has been in the Government's National Reform Programme. This needs to be strengthened in future reports.

The 2017 Country Report is weaker than last year in its examination of Ireland's narrow tax base and the challenges this creates for addressing the major deficits, and increasing demands, in the public infrastructure. We give prominence to looking at these issues in specific sections in this response but the large deficit in public service infrastructure is an issue that repeatedly arises throughout the report.

Proposal for Country Specific Recommendations for Ireland and Ireland's NRP

- Give greater balance between economic, social and environmental policy and recognise their interdependence so as to bring about a more sustainable quality of life for everyone.

4. Climate Change

Unfortunately, the Better Europe Alliance's analysis and recommendations in response to the 2015 and 2016 Country Reports remain relevant, having not been taken on board in Irish policy. Unfortunately, most of our criticisms of the Commission's Country Report also remain relevant. We update them below.

The Report fails to integrate environmental policy objectives including climate change into its analysis in a meaningful way. It appears that these issues are not considered important enough to make it into the Executive Summary. This is despite the fact that Ireland is one of only two EU Member States which is failing to meet its 2020 greenhouse gas emissions (GHG) target for the non-traded sector.

In the section on Energy Resources and Climate Change Ireland is described as "falling behind its greenhouse gas emission reduction targets". This is euphemistic and inaccurate. We're not simply falling behind our reduction targets, we are increasing our emissions. The EPA's projections for both 2020 and out to 2035 are for no reductions in greenhouse gas emissions[4].

[4] http://www.epa.ie/climate/emissionsinventoriesandprojections/nationalemissionsprojections/

Energy Efficiency

Progress in relation to improving energy efficiency, in particular the efficiency of the existing building stock, has slowed when it should be accelerated.

While almost 100,000 homes have been upgraded under the Better Energy Warmer Homes Scheme, designed to help those in energy poverty by providing free upgrades, the Department of Communications, Climate Change and Energy estimates that there are as many as four times this number of homes that are eligible but who have not taken up the scheme. Resources need to be invested in finding innovative and new ways of reaching these households, potentially by way of community approaches. As such, we very much agree with the statement in the Irish NRP that continued increases in the level of investment allocated to the domestic sector will be needed up to and after 2020. This should include an expansion of schemes available to landlords, who are for example not eligible to apply for the Better Energy Warmer Home Scheme. In addition, given the rise in the private rental sector, there is a pressing need to introduce the minimum energy requirements for the rental sector and publish the research and consultation paper on same as soon as possible.

Improving building energy efficiency would have multiple benefits in addition to reducing greenhouse gas emissions. This includes:

- public health (improved housing conditions);
- poverty alleviation;
- high employment intensive expenditure in a skill area with large numbers of unemployed (green economy);
- secure long term return on investment (suited for pension funds or other long-term investors);
- energy security;
- energy import reduction.

Renewable energy

The development of renewable energy needs to be maintained and increased. Unfortunately it has slowed in recent years. Ireland should open opportunities for household-level and other renewable energy micro-generation. Co-benefits include:

- secure long term investment;
- energy security;
- air pollution.

Transport

There is an absence of any long-term plan or vision for public transport. Ireland spent €3.5 billion importing fossil fuels for transport last year, accounting for over half of Ireland's total energy import bill, according to the SEAI report ‘Energy in Transport’[5]. Ireland’s transport energy consumption per capita is the fifth highest in Europe, 30% above the EU average. Ireland needs to wean itself off its reliance on imported fossil fuels which come at prices outside our control, with risks of disruption to supply and of course with associated harmful emissions.

The Country Report points out the deferral of key Dublin public transport investments. We had criticised last year's report for failing to refer to this so it is good to see it acknowledged, especially as no evident progress has been made in the intervening year.

Last year we also criticised the omission of any reference to the then proposed Greater Dublin Area Transport Strategy 2016-2035[6]. Unfortunately it is not considered in this report. Disappointingly this Strategy, then a draft, has since been adopted by the relevant Minister unchanged. The National Transport Authority which developed the Strategy has confirmed it is based solely on addressing congestion and has not been designed to meet climate change objectives. Consequently it envisages an increase of about 11% in annual transport GHG emissions from the Greater Dublin Area over the period of the plan.

Ireland’s Green House Gas targets for 2020 and beyond are not being effectively integrated into transport policy. A new approach to transport policy and planning consistent with long-term decarbonisation is urgently required. This also has multiple co-benefits including:

- public health (active travel and reduced air pollution);
- addressing transport poverty, difficulties accessing employment and services, social isolation;
- employment;
- energy security;
- secure long term return on investment.

Agriculture, Forestry and other land-use

There is no analysis of the policy decisions behind the anticipated rise in agricultural ghg emissions. Agricultural policy continues to focus on producing and promoting meat and dairy. Its concession to climate policy is to seek to improve the relative carbon efficiency of inherently carbon-intensive foodstuffs.[7] The Intergovernmental Panel on Climate Change has pointed out that addressing demand can have more impact:

> “Hence, the potential to reduce GHG emissions through changes in consumption was found to be substantially higher than that of technical mitigation measures”[8].

[5] http://www.seai.ie/Publications/Statistics_Publications/Energy_in_Transport/

[6] https://www.nationaltransport.ie/planning-policy/greater-dublin-areatransport-strategy-2016-2035/

[7] See agricultural policy as set out in Food Wise 2025 https://www.agriculture.gov.ie/foodwise2025/ and the draft National Mitigation Plan http://www.dccae.gov.ie/en-ie/climate-action/consultations/Pages/National-Mitigation-Plan-.aspx

[8] http://www.ipcc.ch/pdf/assessment-report/ar5/wg3/ipcc_wg3_ar5_chapter11.pdf

It also noted the opportunity to simultaneously derive climate and public health benefits by

> "shifting consumption away from animal products, especially from ruminant sources, in high-meat-consumption societies toward less climate altering pollutant intensive healthy diets"[9].

Despite this, policy options to shift consumption are ruled out of discussion in Irish policymaking circles.

The absence of a national programme for protecting and enhancing greenhouse gas sinks and reservoirs is striking. We particularly point to the significant opportunity to reduce emissions, protect existing stocks of terrestrial carbon and restart carbon sequestration, with large cost-effective emissions reduction potential, by rewetting, rehabilitating and restoring peatlands and other wetlands[10].

Proposal for Country Specific Recommendations for Ireland and Ireland's NRP
• Ireland must immediately develop a comprehensive framework and start taking concrete measures to meet the 2020 target for reducing greenhouse gas emissions.

5. Investment

The Alliance welcomes the focus on public investment in the 2017 Country Report. Governments claim they never really cut infrastructure investment; they merely postpone it, adding to the long-term costs. Despite a historically long period of low interest rates allied with low government bond yields, Ireland's public investment as a percentage of GDP has been in decline since the late 2000s. It is predicted that Ireland's level of public investment will be 2.05% of GDP in 2017; well below the European average of 3.9% in 2015[11] and certainly not sufficient to deal with the issues outlined in the Country Report. Gross capital expenditure was €9bn in 2008 and after years of severe cuts to this budget, it will be a projected €5.6bn in 2017[12].

As the population continues to grow, a social infrastructure deficit is inevitable because of underinvestment. 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. The effects of inadequate investment can be seen everywhere from the current crisis in housing supply to the lack of adequate flood defences in towns and communities across the country.

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[9] https://www.ipcc.ch/pdf/assessment-report/ar5/wg2/WGIIAR5-Chap11_FINAL.pdf

[10] https://www.epa.ie/pubs/reports/research/climate/CCRP_15_web.pdf
http://www.ucd.ie/bogland/publications/STRIVE_75_Renou_Bogland_prn_web%20(1).pdf

[11] http://ec.europa.eu/eurostat/statistics-explained/index.php/Tax_revenue_statistics#Further_Eurostat_information

[12] http://www.budget.gov.ie/Budgets/2017/Documents/Economic%20and%20Fiscal%20Outlook%202017.pdf

Substantial additional investment in services and infrastructure is now required to ensure there is no further erosion of social infrastructure; something that would have significant future costs. A comprehensive public investment strategy requires an integrated and balanced approach, accommodating social, economic and environmental requirements. Adequate social infrastructure and services are necessary to support economic development.

Public investment is required not just to address the present infrastructure deficits in areas such as social housing, broadband, renewable energy, retrofitting of houses, public transport and childcare, but also to ensure that the country is equipped to meet demographic changes. Ireland's increased total fertility rate and our gradually ageing population are both positive trends, but long-term planning is required so that Ireland can reap the benefits of these demographic developments and enter this period with services and infrastructure to meet the inevitable demand. Social and economic investment will ensure that Ireland is well placed to meet these developments.

An investment programme will contribute to economic growth, which would in turn lower Ireland's deficit and debt burden. If properly structured and correctly targeted, it would also create much needed employment and address the deficits in areas such as transport, broadband, housing and childcare which are highlighted in the Country Report.

This requires investment in healthcare, community care, in education and skills at all levels, housing (social and private), childcare and public transport. This investment will require both on and off balance sheet financing. Public general government investment in areas such as healthcare, education, childcare and public transport can be complemented by 'off balance sheet' public commercial investment based on appropriate commercial criteria and revenue flows. Examples of areas where this can be undertaken are broadband infrastructure, social housing and renewable energy.

Investment in Ireland's social and physical infrastructure and environmental resources is necessary to ensure we are best placed to take advantage of the current levels of growth and can build a robust social, environmental and economic infrastructure that can both meet future demands and withstand future shocks.

Proposal for Country Specific Recommendations for Ireland and Ireland's NRP

- Ensure the Ireland's fiscal commitments under the Fiscal Compact and the Growth and Stability Pact do not inhibit Ireland's investment strategy.
- Exclude public investment in social infrastructure (in areas such as health, education, social housing and childcare) from the 3% public deficit threshold in the SGP.

6. Taxation and Expenditure

Taxation plays a key role in shaping Irish society through funding public services, supporting economic activity and redistributing resources to enhance fairness in society. The recent re-emergence of economic growth should be seen as an opportunity to secure Ireland's revenue base and revitalise our depleted social infrastructure. The Alliance is of the opinion that windfall gains from better-than-expected economic and financial conditions should be invested in Ireland's social and physical infrastructure and protecting the natural environment. This would begin the process of addressing the huge deficits Ireland has in areas such as childcare, social housing, water quality and broadband. Such investment will yield long term social and economic gains.

The Alliance supports the proposal to broaden the tax base which is necessary to fund social and public services and particularly supports the need for taxation measures to avoid negative environmental harm. We also support the proposal to review tax expenditures, including on value-added taxes. Tax expenditures (including those related to value added taxes) should be viewed as a targeted investment designed to provide a return for the Ireland.

For the most part, there has been no or limited accompanying documentation evaluating the cost, distributive impacts or appropriateness of tax expenditures. Tax expenditures should be reviewed on an annual basis and evaluated on the basis of cost, distributive impacts and appropriateness. The Alliance is of the opinion that the creation of an annual tax expenditures report as part of the Budget process would make significant progress towards making Ireland's taxation system more transparent. Broadening the tax base must involve strengthening the fairness and progressivity of the taxation system, reduce inequality and avoid and prevent environmental harm. It must also find an appropriate balance to reflect both environmental and social goals.

The current trajectory of government policy is for reductions in total revenue (of which tax revenue is by far the largest component) as a percentage of national income and a corresponding reduction in expenditure[13]. Such an approach will not provide the revenue that Ireland needs to increase expenditure to address the issues outlined in the Country Report such as housing, broadband, transport and childcare.

The Better Europe Alliance is concerned at the persistent erosion of the tax base by Government. Commitments to eliminating the Universal Social Charge and the introduction of new tax incentives in Budget 2017 are at odds with commitments to deliver quality public services and infrastructure. Given the challenges posed by Brexit and possible changes to the US corporate tax system by President Trump, Ireland should be consolidating and broadening its tax base, not eroding it. Tax incentives can significantly erode the revenue base without achieving offsetting benefits from

[13] Department of Finance 2016. Budget 2017. Economic and fiscal Outlook. http://www.budget.gov.ie/Budgets/2017/Documents/Economic%20and%20Fiscal%20Outlook%202017.pdf

increased investment, unless they are properly designed and limited[14]. Initiatives like a Financial Transaction Tax (FTT) and a Land/Site Value Tax, which are well designed to avoid undesirable outcomes, would perform the dual role of raising revenue for government and encouraging the flow of capital towards productive social and economic enterprise.

The global context for corporate taxation has changed dramatically in the past year and Ireland must adjust accordingly. The OECD BEPS process has signalled a greater international focus on the system and the way in which some countries and large corporations have exploited the international system for some time. The revival of the EU Common Consolidated Corporate Tax Base (CCCTB) process signals a broader appreciation of the need for reform of the international corporate tax system. The general objective of the CCCTB proposals, which aims to align better the profit taxes of firms with the location of their activities, makes logical sense.

The Better Europe Alliance proposes that over the next few years, policy should focus on a modest increase of Ireland's tax-take and a broadening of the tax base and that Ireland's tax revenue as a percentage of GDP rise gradually over a ten year period to reach the EU average. This is necessary to fund accessible, quality and essential public services. A well-structured taxation system would help reallocate capital to productive investment and away from speculative finance. Under such a system, any speculation that takes place would be taxed in such a way as to discourage it, whilst generating revenue for social infrastructure. A key focus of taxation and the development of future taxation policy in Ireland should be on ensuring Government can generate sufficient national income to fund the services and infrastructure required and expected in a modern Western European democracy. It also means using the taxation system as a means to achieving our national goals. For example our taxation system can be adapted to ensure that environmentally harmful practices are actively discouraged, that speculative finance and resource depletion are discouraged and that investment in areas such as productive capital and the real economy are promoted.

Expenditure policy will be constrained in the years immediately ahead, not least because the EU's fiscal rules now require that additional discretionary expenditure must be funded by additional discretionary revenue. Ireland faces significant demographic pressures in the coming years across all stages of the life cycle. This will increase pressures and demand on public services including the education, housing and healthcare systems. Significant investment will be required to ensure that public services can cope with the current and increased demand. This demographic change also means an increase in both current and capital expenditure in both the short, medium and longer term. This should be acknowledged by Government and the Alliance proposes that expenditure and revenue projections produced by the Department of Finance incorporate these demographic changes. The present situation of producing these projections on a no policy change basis neither encourages nor enables long-term policy planning. By broadening the tax base the government

[14] https://www.imf.org/external/np/pp/eng/2015/042015.pdf

can ensure that it has sufficient revenue to provide the necessary public services that will be required in the future.

The Department of Finance's *Fiscal and Economic Outlook 2017* projects total revenue and expenditure falling to 27.4 per cent and 27.8 per cent of GDP respectively in 2018. Such an approach will not provide the revenue that Ireland needs to increase expenditure in order to improve our public services and infrastructure. The re-emergence of economic growth should be seen as an opportunity to increase expenditure on our depleted social infrastructure, not to reduce taxes.

The Alliance believes that over the next number of years Ireland needs to increase its taxation levels closer to the EU average. Increasing taxation levels must be based on the following principles:

- The focus must be on strengthening the fairness and progressiveness of the taxation system, which must reduce inequality and avoid environmental harm. This includes a more progressive effective tax rate, broader than just in the area of income tax.
- Those who have benefited the most from the present system and are furthest from the risk of poverty should contribute the most, this includes the corporate sector.
- Additional taxation must be addressed through ongoing review and cost-benefit analysis of tax expenditures, as proposed by the European Commission, including consideration of standardisation and the elimination of tax expenditures with little environmental, economic or social benefit.
- In broadening the tax system there is a need to find an appropriate balance to reflect both environmental and social goals, for example in terms of carbon taxes and water charges.
- The EU polluter pays principle must be part of tax policy.
- There must be a focus on addressing the effective corporation tax rate paid by companies.
- There is a need for a wealth tax based not just on income but also on all other financial and fixed assets.
- A financial transaction tax (FTT) should be introduced to provide additional revenue for delivery of services which have been cut back over the last decade. It would also discourage speculative finance whilst simultaneously generating revenue for investment in social infrastructure.

Proposal for Country Specific Recommendations for Ireland and Ireland's NRP

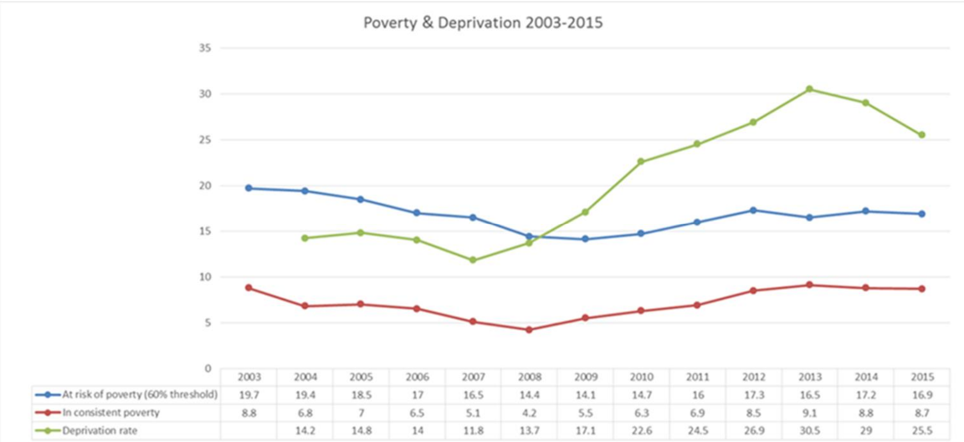
- Publish an annual review and analysis of tax expenditures as part of budgetary documentation.
- Ensure all Department of Finance expenditure and revenue projections incorporate CSO demographic projections.

7. Poverty

The Country Report states that material deprivation, while much higher than before the crisis in 2008, has fallen, but that the rate of poverty and social exclusion is higher than the EU average, including for children. The Report in particular highlights the role social transfers play in reducing at-risk of poverty rate.

Ireland's poverty target under the Europe 2020 Strategy [15] is 'to reduce the number experiencing consistent poverty to 4% by 2016 (interim target) and to 2% or less by 2020, from the 2010 baseline rate of 6.2%'. In 2015 consistent poverty was at 8.7%. In numerical terms the Irish contribution to the Europe 2020 poverty target is to reduce by a minimum of 200,000 the population in combined poverty (either consistent poverty, at-risk-of poverty or basic deprivation). In 2015, while the number had reduced from its peak in 2012, there were still over 157,000 more people in combined poverty than when the target was set. The Country Report concludes that achieving the Europe 2020 poverty target 'remains ambitions' for Ireland.

The table below shows that material deprivation fell to 25.5% in 2015 and consistent poverty seems to have peaked with 8.7% in consistent poverty in 2015. However, the fact remains that poverty is well above pre-crisis levels and a reality for many people living in Ireland.



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
At risk of poverty (60% threshold)	19.7	19.4	18.5	17	16.5	14.4	14.1	14.7	16	17.3	16.5	17.2	16.9
In consistent poverty	8.8	6.8	7	6.5	5.1	4.2	5.5	6.3	6.9	8.5	9.1	8.8	8.7
Deprivation rate		14.2	14.8	14	11.8	13.7	17.1	22.6	24.5	26.9	30.5	29	25.5

Poverty also has a greater impact on particular groups and communities some of which are captured by the statistics such as single adult households with children, those who are unemployed or not in work due to illness or disability and those renting at below market rate or rent free. The statistics do not capture other groups with high poverty levels such as Travellers, migrants or the growing number of people who are homeless. Poverty levels for children are also well above the levels for the general population.

[15] Ireland - National Reform Programme 2016
http://ec.europa.eu/europe2020/pdf/csr2016/nrp2016_ireland_en.pdf

Despite the challenge in reaching the poverty target we would very much caution against any downward revision. We need to avoid any measures that would undermine efforts to adequately address poverty and social inclusion.

This poverty is also multidimensional with different groups experiencing particular risks. This means that preventing and addressing poverty has to involve an **integrated strategy** with a wide range of policy measures. It is only through this integrated approach that Ireland will achieve its poverty target in a sustainable manner. This should include a focus on a range of policy areas including access to decent work, quality services and adequate social welfare supports. However, the Country Report does not take an integrated approach to addressing poverty.

As in 2016, the main policy focus of the report in relation to poverty, including child poverty, is on access to the labour market and in particular addressing the high level of low work intensity households. The Alliance agrees that addressing the barriers to accessing decent work for all who can work is an important part of addressing poverty and social exclusion, but that this must be part of a wider approach which includes access to quality services and adequate income and the participation of those most affected. Specific issues related to services, employment and decent works are addressed in other sections of this response while that of social welfare supports and participation are addressed below.

The Country Report also presents an unproblematic narrative that jobless households will benefit financially from moving from welfare to work. This is not the case, particularly for those working at around the minimum wage in the service industry, which is where many lone parents are working or will be working. Recent research from the Vincentian Partnership for Social Justice (VPSJ) shows the Marginal Effective Tax Rate is much greater for those earning between minimum wage and living wage than those on higher wages. The steep withdrawal rates of social welfare support from Family Income Supplement (FIS) and One-Parent Family Payment (OFP) was highlighted as particularly problematic. The VPSJ concluded that when in-work supports are very focused on those in the lowest wages, there can be a disincentive to progress to higher paid employment, as an increase in salary results in very little increase in household income[16].

Access to adequate social welfare supports

The main omission from the Country Report in terms of addressing poverty is in relation to access to an adequate social welfare payment for those of working age. This is a key element of an integrated active inclusion approach as outlined in the 2008 EU Recommendation for those excluded from the labour market[17]. While the €5 increase in working-age social welfare supports

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[16] Thornton (2016) When living wage is not enough http://www.budgeting.ie/download/pdf/vpsj_2016_when_the_living_wage_is_not_enough_mesl_working_paper.pdf

[17] European Commission, 2008. Recommendation for the Active Inclusion of people excluded from the Labour Market http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URISERV:em0009

in March 2017 is welcome the levels are still inadequate and due to their migration status some people such as asylum seekers cannot access them. Working age social welfare rates are €193 per week while the 60% at-risk of poverty line was just below €230 per week in 2015. Also the vast majority of household types who are dependent on social welfare are not able to afford a minimum essential standard of living[18]. Age discrimination in the welfare system also means that there is a lower social welfare rate for jobseekers under 26 years of age. Access to adequate welfare supports must be part of an integrated approach to addressing poverty.

Inequality

The Report highlights that Ireland has one of the highest levels of market income inequality in the EU but that the tax-benefit system is effective in reducing income inequality to below the EU average. It also states that households' net wealth inequality is relatively higher than income inequality and among the highest in the EU. Social transfers reduced at risk of poverty from 46.3% to 16.3% in 2015, below the EU average of 17.3%. They also reduce the risk of poverty levels for those in work from 20.3% to 5.8%. The report does not make any attempt to say how this could be addressed but does highlight that cutting personal income tax could significantly reduce revenue collection and have a regressive impact on income redistribution, which could increase inequality. Throughout the report it does not mention the issue of a living wage and adequate take home pay, another measure which can help address market income inequalities without such reliance on the state to use social transfers to the extent it does at present.

Policy proofing

The Alliance has previously highlighted the importance of policy proofing in order to ensure all relevant policies, including economic policy, was consistent with commitments to reducing poverty, social exclusion and inequality. We therefore welcome the commitment in the Programme for Government to "*develop the process of budget and policy proofing as a means of advancing equality, reducing poverty and strengthening economic and social rights"*[19]. It includes specific commitments in relation to the annual Budget process. We urge the Government to progress this commitment in a transparent and effective manner and ask that the European Commission monitor the implementation of this commitment as a means of supporting the delivery of the Europe 2020 poverty target.

Participation

In order to ensure that policies to prevent and address poverty and social exclusion are the correct one and are effective the people and communities whom they impact on most must be involved at all stages of the policy process. At national level the supports to autonomous community development organisations which support the active participation of the most

[18] Updated reference VPSJ (2016) Budget 2017: Minimum Essential Budget Standards Impact Briefing. http://www.budgeting.ie/download/pdf/vpsjbudget2017mebsimpactbriefing.pdf

[19] Department of the Taoiseach 2016. A Programme for a Partnership Government. http://www.merrionstreet.ie/MerrionStreet/en/ImageLibrary/Programme_for_Partnership_Government.pdf

marginalised people and communities have been severely cut while changes made to local programmes such as the Social Inclusion and Community Activation Programme (SICAP) further undermining their participation. This results in communities being further marginalised, with only lip service paid to their participation and official consultations being only cosmetic. This needs to be reversed as part of the overall policy process.

The European Commission should be using the tools of the Semester Process, including the Country Report and Country Specific Recommendations to urgently push the Government to introduce measures to meet in a sustained way its poverty target as set out in the Europe 2020 Strategy.

Proposal for Country Specific Recommendations for Ireland and Ireland's NRP

- Develop an all of Government and integrated five-year anti-poverty strategy. This strategy must be designed and implemented with the participation of people affected by poverty at all stages.
- Implement a transparent and effective process for the poverty, equality and gender impact assessment of all relevant policy.
- Benchmark all social welfare rates at a level which is sufficient to both lift people above the poverty line and provide them with a Minimum Essential Standard of Living.
- Under the poverty target introduce sub-targets across the different measures for groups with high levels of poverty.

8. Housing

The Alliance has highlighted the role of the housing market in the wider social and economic context for Ireland since the beginning of its engagement with the Semester process. In particular, we have noted the contribution that the collapse of the property and construction bubble made to the economic crisis at the end of the last decade. For this reason, we welcomed the inclusion of a call for public investment in housing infrastructure as part of the Country Specific Recommendations in 2016. The focus on housing in the current Country Report is also very welcome, including the recognition of the challenge of recent price and rent increases, and the attention it brings to the housing supply bottleneck.

Since the publication of the Country Specific Recommendations, a number of positive developments called for by the Alliance have taken place. These include:

- The establishment of a dedicated Housing Department;
- The publication of the housing action plan 'Rebuilding Ireland' including a commitment to substantially increase the provision of social housing by both local authorities and the voluntary and co-operative housing sectors through investment and provision of sites;
- Increased support for tenants in the private rental sector including greater security of tenure;

- Support for the private development sector through infrastructure and enabling works;
- A review of rent support levels for social welfare recipients accessing rental accommodation;
- Changes to building regulations and housing standards that reduce the risks of fuel poverty.

Nonetheless, housing provision remains a pressing and immediate concern in light of record rates of homelessness, sustained pressure in the private rental market, and concerns for the long-term sustainability of the overall housing system. As recognised in the Country Report, rents have increased rapidly, now straining affordability. The supply shortage is also likely to have contributed to the growing number of homeless people. The Alliance is concerned over the government's continuing strategy to meet the majority of social housing need through the private rental sector further evidenced by the roll out nationwide of the Housing Assistance Scheme (HAP). As a private rented accommodation support, HAP does not have the same guarantees with regard to security of tenure or affordability that social housing provides.

Also, as the Irish Government had committed to ratify the UN Convention on the Rights of Persons with Disabilities by the end of 2016 and has not yet ratified it, the Alliance would also note its particular concern at the lack of accessible and appropriate housing for people with disabilities. The number of people on the social housing waiting list on the basis of disability jumped from 3,938 in 2013 to 5,753 in 2016[20]. By the end of December 2016 there were 2,600 disabled people still living in congregated (institutional) settings. While there is a Government plan to move people out into the community, it is envisaged that as little as 223 will be moved from institutions in 2017[21]. There are also more than 1000 people with disabilities, under the age of 65, inappropriately living in nursing homes for older people,[22] due to the lack of accessible housing and community supports. Proper housing provision must be made for people with disabilities.

Overall, a coherent policy approach to housing infrastructure provision is required for long-term social and economic wellbeing.

Also noted in the Country Report is that housing supply in Ireland is relatively inelastic. This has led to cycles of massive over-corrections at the peak and trough of the housing market. Against a housing requirement of 25-35,000 units per annum, Ireland produced as many as 90,000 units in 2007 and fewer than 10,000 units in 2013. One of the consequences of this imbalance in supply and demand is the current high level of vacancy (almost 10 per cent of the housing stock) existing at a time of record homelessness.

[20] P. 15 https://www.housingagency.ie/Housing/media/Media/Publications/Summary-of-Social-Housing-Assessment-Needs-2016.pdf And this number does not include those with disabilities who may qualify and be waiting for social housing on a basis other than their disability

[21] Minister of State, Finian McGrath's response to Parliamentary Questions Nos. 349 to 356, inclusive, 28 March 2017

[22] Per HSE data. In particular, as of August 2015, 1,047 people under the age of 65 are in receipt of NHSS funding (i.e. are in nursing homes)

In order to mitigate the risk of future crises, there is a need to address the boom and bust cycle of the Irish property market. This calls for a sustained, long-term commitment to delivering a more diverse and balanced housing supply. This objective has been hindered by the fact that housing plans in Ireland are relatively short-lived. The Housing Policy Statement of 2011 was replaced by the Social Housing Strategy of November 2014, itself replaced by the current plan in July 2016.

In this context, the emphasis in the Country Report on the forthcoming National Planning Framework is welcome. The Framework will have a timeframe to 2040 and offers the opportunity to develop a coherent long-term approach to development, aligned to infrastructure investment. As the Framework relates also to social development, it must at all times be cognisant of social inclusion. In particular, the Alliance would note that as Ireland is set to ratify the UN Convention on the Rights of Persons with Disabilities this year, the drafters of the Framework must duly prepare for this and incorporate consideration of and provision for people with disabilities throughout the entire Framework. The Alliance also recommends that a long-term National Housing Strategy be developed as part of the Framework.

A long-term housing strategy could allow for targeted countercyclical interventions in the housing market. During periods of market downturn, this could provide access to land and deliver opportunities at a lower price point. Such an approach would deliver better value for public money and help to mitigate the employment and financial impacts of dips in the market cycle.

Alongside the development of a long-term approach, there remains a pressing need to respond to the current supply crisis through immediate housing delivery. However, Ireland should also remain conscious of the risk of overheating the market and, by extension, the construction sector[23]. In this context we agree that demand side tax incentives such as the 'help-to-buy' rebate introduced in Budget 2017 are likely to be counterproductive, and should be revisited in the next budget cycle.

The Alliance notes the statement in the Country Report that although property (sale) prices have increased over the past three years, they are not yet regarded as being overvalued in spite of a significant excess of demand over supply. In large part this can be attributed to increased macro-prudential lending requirements developed by the Central Bank in 2014/15. The recent review of these requirements has lowered the requirements for loan-to-value ratios and we caution against any further such revisions that would risk supporting greater levels of price rises.

In the private rental sector, increases in prices have been marked for a number of years. The Planning and Development (Housing) and Residential Tenancies Act 2016 introduced a welcome set of controls on excessive rent increases in certain areas. These controls are limited geographically in their effect and are subject to a sunset clause. There is a need to move to a

[23] ESRI (2017) *Quarterly Economic Commentary Spring 2017,* Dublin

more comprehensive and long-term programme of rent certainty to support the development of the private rental sector.

More broadly, an affordable or cost rental offering has been recognised as a necessity for the Irish market since 2014. To date there has been no progress in developing such a model in spite of its inclusion in both the Social Housing Strategy and Rebuilding Ireland. The Alliance recommends that concrete steps be taken to secure the delivery of this form of housing as an urgent priority.

The Country Report highlights the outstanding level of non-performing loans in the residential sector. It should be noted that this area has been one of significant progress in recent years with a reduction made from 27.1% to 14.2% of the total loan portfolio. The properties represented by these loans include private family homes and buy-to-let properties in the rental sector. While we recognise the need to continue to manage down this issue, we recommend that a balanced approach be adopted that ensures their continued use in meeting housing need.

Proposal for Country Specific Recommendations for Ireland and Ireland's NRP

- Develop a coherent, long-term housing strategy aligned to spatial development plans that mitigates the market cycle, and focuses on increasing the supply of dedicated social housing, reversing the over reliance on the private rental sector;
- Broaden and increase incentives for landlords that would address the adequacy and security of housing provided. Tax incentives should be linked to conditionality such as greater security of tenure, longer tenancy agreements and higher quality of accommodation;
- Sustain macro-prudential borrowing requirements that have helped to prevent excessive property price increases and revisit demand-side tax incentives such as the 'help-to-buy' rebate in order to avoid overheating the property market;
- Develop a long-term strategy to provide rent certainty in the private rental sector while in the short-term support the supply of affordable rented accommodation through the immediate launch of the affordable rental scheme.

9. Early Years Education and Care and School Aged Childcare

The Country Report highlights the role of affordable quality childcare in reducing the number of low work intensity households and addressing early disadvantage among children. The introduction of the Affordable Childcare Scheme (ACS) under Budget 2017 is a significant development in this regard. The Alliance welcomes the introduction of the ACS which includes universal and targeted measures and assesses net rather than gross income, incorporating a smooth taper. These features should ensure that those on the lowest incomes benefit most from the scheme and therefore has the potential to encourage employment and tackle child poverty. However, the Alliance is concerned that an hourly subsidy model will not guarantee affordability as there is no proposals to implement price caps on providers. A core capitation model for private and community providers with an option for additional funding for quality improvement measures is evidenced to be more effective at providing affordability and quality.[24] As such an ongoing review of funding provided under Budget 2017 must be conducted to guarantee all children can avail of the scheme.

Another challenge which must be addressed is the inclusion of childminders as well as childcare facilities in the ACS. At present, it is estimated that approximately 138 childminders out of 19,000 are TULSA registered[25]. As the ACS only includes TULSA registered providers, these childminders are not included in the scheme, highlighting future challenges regarding supply and quality.

We welcome the Country Report focus on quality but significant investment is still required in the areas of workforce development, pay and conditions, and quality assurance, regulation and inspection. Regarding the latter, the education-focused inspections in pre-schools is a welcome development. These types of inspections should be extended to ECEC outside of the free pre-school scheme. Another important element of quality is continued investment in the professionalisation of the sector. As noted in the report, in 2016 a minimum level of qualification for staff was introduced and funding was linked to the expertise of staff. However, significant challenges remain as the rate of pay for ECEC staff is often below the Living Wage with little or no paid leave, which in turn hinders the attraction and retention of qualified graduates.

Adequate funding for the wrap around model up the age of 15 under the ACS and the full implementation of the Action Plan on School Age Childcare is also required so parents of older children can take up and increase working hours. At present, there are significant challenges ahead in the consolidation of after-school services including supply, quality and regulation issues. Many of these issues stem from the lack of data on the number of after school providers including type (school based, centre based or informal settings) and location. It is estimated that most are informal providers who are not subject to TULSA regulations. Earlier this year, €3m was allocated to support the provision of after school services, this must be kept under review once further data on the capacity of the sector becomes available.

Proposal for Country Specific Recommendations for Ireland and Ireland's NRP

- An ongoing review of funding allocated under the Affordable Childcare Scheme is required to ensure affordability for parents and quality for children.
- Continue to invest in quality measures to consolidate the ECEC and After School Services, including regulation and inspection, workforce development, and pay and conditions for staff.

[24] For a detailed discussion on the benefits of a core capitation model see Children's Rights Alliance (2017) Submission to the DCYA on a Single Affordable Childcare Scheme http://bit.ly/2nSvfAh

[25] Pobal data quoted in Children's Right Alliance (2017) Report card 2017 http://childrensrights.ie/sites/default/files/submissions_reports/files/Report%20Card%202017%20FULL.pdf

10. Inclusive Labour Market

"The least educated represent about 20 % of the 25-64 population in Ireland, as compared with 24 % in the EU and 27 % in the euro area." (p36) According to the most recent Quarterly National Household Survey Q4 2016, only 50% of this age group with lower secondary or below were in employment, 7% were unemployed and 43% were in not in the labour force. This contrasts sharply with 'other persons aged 25-64', of whom 78% were in employment, 4% unemployed and only 18% were not in the labour force. It should be noted that 'not in the labour force' would include people who are part of jobless households; and, people who are unemployed but not actively seeking work, as they may see little prospect of finding employment, and therefore not captured in the unemployment statistics. According to the latest Live Register statistics, February 2016, 60% of the people who are on the register for more than a year are on it for over three years.

As the Country Report notes on page 37 the evaluation of JobPath is an initial one, working off the first cohort of people who completed their year with their JobPath provider. As such it would be important to treat this report with caution and in particular when comparing it to other elements of the employment services and activation measures. Until a full econometric comparator, counterfactual study is done, it will be hard to draw such conclusions. Of particular concern to the Better Europe Alliance is the fact that 77.8% of people were referred back to Intreo. What happened to these people? What were they offered after JobPath? Was a proper assessment undertaken as to why they did not get a job? Did they experience discrimination because, for example, of their age, their gender, their family status, their ethnicity, the socio-economic status? If there was a skills mismatch between what the jobs available required and what they had, were the necessary steps taken to address this? Feedback from a variety of education and training providers strongly suggest a lack of referrals from the Department of Social Protection's employment services. This begs the question: how are unemployed people more distant from the labour market to bridge their own personal skills gap; and how will Ireland use this need to address the skill shortages highlighted on page 36.

With regard to people with disabilities a recent ESRI report, entitled *Employment Transitions among People with Disabilities in Ireland,* analysed the Quarterly National Household Survey 2010 – 2015 and noted:

- 31% of working-age people with a disability were at work compared to 71% of those without a disability.
- Overall, the odds of employment entry are nearly 4 times lower for people with a disability.
- Across the period, people with a disability were more likely to exit than enter employment. For those without a disability, the rate of job entry picked up in the recovery period and the rate of exit dropped. However, there was little sign of a recovery for people with a disability by 2015.
- Policy actions should focus both on employment entries and exits.

A high percentage of working age people with a disability are not at work, nearly 70%, and their profile is similar to many of the long-term unemployed as they have low levels of education and are older. The development of labour market skills is critical for people with disabilities and required stronger actions than those noted on page 37 of the Country Report on Ireland.

Areas of specific importance to people with a disability include:

- Retention of medical cards when they move into employment;
- Support for the additional costs of disability itself, which needs to be individually assessed;
- Flexibility in how jobs are structured including in hours and job tasks;
- Ensuring equal treatment in access to services such as health, transport and financial services, as well as in access to (and retention of) employment.

As the Country Report notes, the Government has a commitment to producing *'A Pathway to Work for Jobless Households'*. The vision that informs this document will be absolutely critical. The Better Europe Alliance would be concerned that the Department of Social Protection struggles to engage with people of working age to whom no conditionality applies. It is essential that an active inclusion approach is used, one that seeks to operationalise the Department's own mission statement and ensures that their first strategic objective, to '*put the client at the centre of services and policies',* is followed in practice.

In 2012, the National Women's Council of Ireland and SIPTU published a report entitled *"Careless To Careful Activation: Making Activation Work For Women"* and the following quote spells out the breath of vision required to ensure that the introduction of *A Pathway to Work for Jobless Households* has a positive and equitable impact. *"Step 1 contextualises the challenge of developing a gender sensitive activation policy in the context of a still highly gendered society and economy. Ireland has shifted significantly from Stage 1 male breadwinner to Stage 2 mother-worker where many women work outside the home but also maintain primary care and domestic roles. Activation policy, however, assumes all adults are available for and want to work full-time, leaving room for marketised care only and not accommodating affective care. Activation based on this adult-worker model (Stage 3) is 'careless' activation. Activation built on an ethic of care, (the carer-worker model), means a gendered and 'careful' activation strategy that recognises, accommodates and enables sharing of care and domestic work (Stage 4)"* [26].

The national employment target under *Europe 2020* is *"To raise to 69-71% the employment rate for women and men aged 20-64, including through the greater participation of young people, older workers and low-skilled workers, and the better integration of legal migrants"*. And though Ireland has now reached this target overall, looking at it from a female perspective it is someway off as the female employment rate for this age group is 64.8%. While for other groups the gap is

[26] National Women's Council of Ireland and SIPTU, 2012. Careless To Careful Activation: Making Activation Work For Women p3. http://www.nwci.ie/download/pdf/carelesscarefulactivationreport_final.pdf

even greater. According to Census 2011 and sited in the ESRI report *'A Social Portrait of Travellers in Ireland'* the employment rate for Travellers was 11%. The most recent data available from Government, in response to Parliamentary Questions in late 2016, indicates that of the 32,106 young people in receipt of Jobseekers Allowance or Benefit, 13,559 or 42% have been doing so for 12 months or more. It is disappointing three years on from the initiation of the EU Youth Guarantee in Ireland that so many young people are long-term unemployed. These figures do not include the 16,941 and 9,828 young people in receipt of Disability Allowance and the One Parent Family Payment respectively, who are not included in Ireland's Youth Guarantee.

To make real progress on addressing the employment and unemployment rates facing younger people; older people; people from ethnic minorities including Travellers; people with disabilities; people parenting alone; people who are long-term unemployed sub-sets of the national employment target must be set. And to ensure these sub-targets are meaningful and met, serious consideration must be given to how 'Positive Duty' introduced in the Irish Human Rights and Equality Commission Act 2014, will apply to activation, education and training policy. Section 42 (1) of the IHREC Act states that "A public body shall, in the performance of its functions, have regard to the need to-

a) Eliminate discrimination,
b) Promote equality of opportunity and treatment of its staff and the persons to whom it provides services, and
c) Protect the human rights of its members, staff and the persons to whom it provides services."

Proposal for Country Specific Recommendations for Ireland and Ireland's NRP

- Adopt a person centred approach to employment supports and activation programmes, which incorporates an integrated active inclusion approach addressing adequate minimum income, quality services and an inclusive labour market with decent jobs.
- To make progress on the structural inequalities facing younger people; older people; people from ethnic minorities including Travellers; women; people with disabilities; people parenting alone; people who are long-term unemployed, sub-sets to the national employment target must be set; policies like the Action Plan for Jobs and Pathways to Work must articulate how they will met them; and serious efforts must be made to ensure that available and emerging jobs are of decent quality and can provide a living wage.

11. Wages and Decent Pay

The Country Report for Ireland acknowledges the role of earnings increases, reaching 2.8% nominally per employee in 2015, in stimulating household consumption which grew by 5%. This has contributed to Ireland's current impressive economic turnaround. Recovery in the Irish economy must also lead decent working conditions and fair gains for workers after years of wage stagnation and decline during the recession.

The Report documents also that many businesses in Ireland are performing strongly: 'Corporate tax receipts increased by 50% in 2015 with multinationals accounting for approximately 80% of total corporate tax receipts (Revenue 2016, p. 6)'. At the same time, the report points out that 'Ireland had one of the highest incidences of market income inequality — the inequality of income before taking into account taxes, social transfers and pensions — amongst Member States'. While this is partially offset by the tax-benefit system, it is clear that action is required to ensure more equitable outcomes at workplace level. Moreover, graph 4.5.5 shows a steep and persistent rise in the productivity of workers in Ireland between 2010 and 2015. It is disappointing that the Report fails to recognise the need to support and expand collective bargaining at company and sector or industry level so that a satisfactory balance can be achieved between workers and employers, supporting sustainable economic development.

The Report identifies that high staff turnover is a problem in the childcare sector, 'where pay remains unattractive compared to some other sectors requiring a similar qualification level'. While funding and support to the sector should provide for investment in physical facilities and improving affordability it is also key to provide for negotiated improvements in the terms and conditions of employees and enhanced training.

The Report is silent on wages in other low-paid sectors in which workers are vulnerable to exploitation. Building on work by the Nevin Economic Research Institute, the Low Pay Commission recently issued a report estimating that 11.56% of employees currently have earnings equal to or less than the then minimum wage rate of €9.15, concentrated among the younger and less educated and disproportionately affecting migrants. In 2014, 48.6% of minimum wage workers were in the accommodation & food and wholesale & retail trade sectors[27]. 74.2% of minimum wage workers were female in 2014[28].

The Country Report should address the problem of low pay and its consequences, including greater reliance by some families on in-work supports such as the Family Income Supplement. Part of the solution is the introduction of a Living Wage for households. This is based on an extensive analysis of normal household expenses, catering for musts rather than wants, as developed by the Living Wage Technical Group[29]. This would entail an hourly rate of €11.50. The State could take a lead role by becoming a Living Wage employer. This must go hand-in-

[27] Low Pay Commission, Recommendations for the National Minimum Wage 2016, page 44
[28] Ibid, page 50
[29] http://www.livingwage.ie/download/pdf/living_wage_technical_document_july_2016.pdf

hand with sufficient working hours to generate an adequate level of income, whether through legislative or alternative incentive measures.

The Report highlights that ‘There is still no systematic process for evaluating the costs and benefits of reduced VAT rates’ (page 24) and the fact that ‘bringing the 9 % VAT rate back to the standard reduced rate of 13.5 % would generate additional revenue of EUR 626 million’ (page 24). Given that hotels and restaurants are now doing well and the extent consumers have benefitted from price-reductions is questionable, it is unacceptable that the taxpayers are still footing the bill while the Irish Hotels Federation refuses to negotiate with the representative trade union on adequate terms and conditions for workers in the industry. This obstructiveness should not be tolerated by the State and should result in the withdrawal of the current VAT incentive.

The Report makes reference to ‘high construction sector wages’ (page 52). However, it fails to recognise that it is possible to ensure a level playing field for all companies and wage compliance through the application of an industry-wide Registered Employment Agreement for construction, as applied prior to the economic collapse. It is vital to support collective-bargaining at this level in order to ensure a fair deal for both employers and workers.

The report accepts that ‘Rising rents and house prices exert upward pressure on wages’ (page 47). Yet this does not appear to yield a balanced examination of the role of wages in sustaining living standards.

It is also notable that the Report fails to caution against the threat to wages and terms and conditions in the context of Brexit if employers follow a race-to-the-bottom approach towards maintaining competitiveness. This outcome should be firmly rejected.

Proposal for Country Specific Recommendations for Ireland and Ireland’s NRP

- Promote collective bargaining at every level.
- Take steps to incrementally introduce the Living Wage to low-paid sectors and the public sector.
- Examine ways to provide workers with adequate working hours to sustain a decent income.
- In the absence of engagement on an Employment Regulation Order (ERO) for the hotels sector, remove the VAT reduction for the hospitality sector.
- Assist in the introduction of a new Registered Employment Agreement (REA) for the Construction Industry.
- Ensure Brexit is not exploited as a weapon to erode wages and terms and conditions.

12. Education and Training

Primary and Secondary Level

The Alliance welcomes the downward trend in early school leaving from 2009 as noted in the Country Report. However, we question the assertion that socio-economic status has a limited impact on performance in reading, mathematics and science among 15 year olds (page 41). The latest data from PISA (Programme for International Student Assessment) shows that disadvantaged students in Ireland are almost 5 times more likely to perform poorly in science when compared to the most advantaged students[30] . In addition, the Growing up in Ireland study also shows that inequalities in children's outcomes emerge early and persist throughout childhood and into adolescence (Williams et. al. 2016)[31]. It is within this context we recommend continued investment in education and measures to tackle educational disadvantage.

The Alliance notes the addition of 79 schools under the new DEIS Plan and the expansion of supports to include, for example, the Incredible Years programme. These measures should continue to improve the educational outcomes of students located in these schools. However, we would argue that tackling educational inequality solely through DEIS is limited; many disadvantaged children do not attend DEIS schools. The Alliance recommends further investment in targeted measures to address educational disadvantage among children and young people attending schools outside DEIS. This could be achieved by implementing a tapered capitation grant based on levels of disadvantage for schools and/or the extension of programmes such as Home-School Liaison and School Completion. The expansion of the School Meals programme (breakfast clubs) under Budget 2017 to non-DEIS schools set a precedent in this regard. We see great potential for these programmes, if leveraged and configured correctly and driven by a clear interdepartmental approach, to secure better outcomes for disadvantaged students located in non-DEIS schools.

School costs related to books, uniforms, transport, tours and voluntary contributions continue to be a barrier to school participation for children from low income families. The 2016 results from the Barnardos school costs survey estimate the average cost for a 4th class pupil returning to school is €395 and €775 for a 1st year pupil[32]. This survey does not include ongoing cost throughout the school year such as transport, school bags, gym equipment, or extra-curricular activities. When these are included, the Credit Union estimate that the cost of school for a primary student is €928 and €1,443 for a secondary student[33] . Restoring the Back to School Clothing and Footwear Allowance from €200 to €305 for children over 12 and from €100 to

[30] (dis)advanatage is measured using a four-point economic, social, cultural status scale. These Odd Ratios refer to the likelihood of poor performance for students categorised on point 1 of the scale (most disadvantaged) compared to point 4 (most advantaged). Source: OECD PISA 2015 Database, Table 1.6.5

[31] Williams et. al. (2016) Cherishing All Children Equally? Children in Ireland 100 Years on from the Easter Rising. Dublin: Economic and Social Research Institute.

[32] Barnardos (2016) School Cost Survey 2016: Briefing Paper https://www.barnardos.ie/assets/files/Advocacy/2016SchoolCosts/BarnardosSchoolCostsSurveyBriefing2016.pdf

[33] Credit Union (2016) Back to School Costs Survey https://www.creditunion.ie/communications/pressreleases/2016/title,10212,en.php

€200 for children under 12 would assist many low-income families who struggle with back to school costs.

Since 2009 the School Capitation Grant has been cut by approximately 15% (€200 per student in 2009 to €170 in 2016). As a result, many schools are struggling to cover day to day expenses. As the Country Report highlights present and future demographic trends are likely to increase pressures on school infrastructure. Current levels of funding are not sustainable and significant investment in facilities, and teaching resources, are urgently required.

The withdrawal of the Traveller education support service has impacted this community who have a high risk of educational disadvantage. This was commented on in the 2016 Country Report but still very relevant. Mainstream schools need more support in working with Traveller and other marginalised children, including those with disabilities. We recommend that the forthcoming National Traveller and Roma Inclusion Strategy is backed up with significant resources to achieve its outcomes. We welcome the announcement of the new funding model for special education needs with an additional 900 resource teachers. This new model should mean no child will have to wait for a diagnosis to receive additional resources.

Third Level

The Alliance is concerned about the continuing low rates of progression among disadvantaged students to higher level education. The Country Report only refers to the overall level of higher tertiary attainment in Ireland and does not refer to differences between social groups. Although measures to support the transition from secondary to tertiary level are relevant, the Alliance is concerned about the cost of accommodation and travel associated with further education as they continue to be a significant barrier for low income students. Dublin Institute of Technology estimate that the average cost of living (rent, travel, food etc.) for a student living away from home is approximately €8,000 per year (excluding the student charge The highest cost is rent; €2925 per academic year nationally. This is in the context of continued rising rents which increased by 13.5% year on year in the last quarter of 2016 – the largest increase since 2002[34]. This rise continued in the first quarter of 2017, with rents rising by 9.4%. Rising costs, changes to the Adjacent Grant Rate and cuts to the maintenance rates in 2011 and 2012 are likely to have prohibited disadvantaged students from progressing to further and higher education.

Funding to third level has also reduced significantly. Between 2007 and 2014, funding resource per student at third level fell by 22 per cent and the staff to student ratio has increased from 1:15.5 to 1:19.52. This is high by international standards[35]. It is expected that a new funding model for third level education will be introduced in 2018. Three options are currently being considered including

[34] Lyons (2016) The Daft.ie Rental Price Report: An analysis of recent trends in the Irish rental market 2016 in review http://www.daft.ie/report/2016-q4-rental-daft-report.pdf

[35] Expert Group on Future Funding for Higher Education (2015) Optimising Resources in Irish Higher Education http://www.education.ie/en/The-Education-System/Higher-Education/Higher-Education-Optimising-Resources-in-Irish-Higher-Education-Discussion-Paper-2-.pdf

income-contingent loans and publicly funded third level. The Alliance recommends that any proposed model must encourage participation and should include an adequate maintenance grants system. Support must also target part time students who have limited financial assistance under the current system. At present this group are not eligible for SUSI, Student Assistance fund or the Fund for Students with Disabilities. This is despite recommendations to expand eligibility to these schemes under the National Access Strategy.

Further education

Under 4.3.2 Social Policy, the Report highlights that low-work intensity for some groups persists and notes:

- "Persistent joblessness is more common for women, older adults, those with lower levels of education, adults with a disability and in one-adult households with children."
- "The government has announced policy measures to tackle low work intensity but further details have yet to emerge."

In 4.3.3 the report notes that "there is need to further upskill and reskill the adult population, in particular by increasing participation in further education and training" and "the quality and availability of upskilling and reskilling opportunities remain inadequate." We welcome the European Commission **Upskilling Pathways** which will target adults with a low level of skills, knowledge and competences. Ireland must urgently address the current gap in intensive adult literacy provision, especially if they want to achieve the National Skills Strategy 2025 target to upskill 165,000 people from Level 1 or below for literacy from currently 17.5% to 12% by 2025[36]. These targets are and will remain a significant challenge unless investment is made in intensive and flexible adult literacy provision.

We **need a policy measure** that offers all adults with literacy, numeracy and digital needs and less than a QQI Level 4 qualification (Level 4 is the equivalent of the Leaving Certificate in Ireland) a high quality and relevant learning programme with a local education and training provider. This would include intensive and flexible options; appropriate supports as required (income, transport, child and elder care), work placement where appropriate and progression opportunities.

Training

The Country Report points out that the expansion of apprenticeships to new fields has begun (page 41-42). However, the Better Europe Alliance is concerned about the slow pace of progress in this area. The Report identifies only two new apprenticeships that are in place to date. For many school-leavers the combination of on-the-job training with class-based learning is an attractive alternative. For businesses too they offer an opportunity to develop specific skills that are in demand. Apprenticeships can play an important role in raising industry standards and should enhance the career and earnings potential of participants. For example, the hospitality

[36] Ireland's National Skills Strategy 2025 https://www.education.ie/en/Publications/Policy-Reports/pub_national_skills_strategy_2025.pdf

sector can have an unattractive image regarding pay and job progression resulting in high staff turnover. The development of apprenticeships for chefs, waiters/waitresses, front-of-house staff and bar staff could raise work and professional norms and encourage staff retention. Apprenticeships should take place in a regulated framework that provides participants with fair pay and conditions and skills certification. It is vital to ensure trade unions are involved in the development and operation of new apprenticeships so that they have a positive impact rather than being misused by employers for cheap labour.

Proposal for Country Specific Recommendations for Ireland and Ireland's NRP

- Introduce sub-targets under the overall Europe 2020 education target for children from groups with a particularly low educational attainment.

Primary and Second Level

- Prioritise measures to address educational disadvantage of students located in non-DEIS schools.
- Significantly increase investment in school infrastructure, teaching resources, and book rental schemes. Begin by restoring the School Capitation Grant to 2010 levels.
- Implement and adequately fund supports for marginalised students.

Third Level

- Increase maintenance grant rates in line with the rising cost of living.
- Expand eligibility to financial support for part time students.

Training

- Apprenticeships should take place in a regulated framework that provides participants with fair pay and conditions and skills certification.

Further Education

- Ensure all adults with literacy, numeracy and digital needs and less than QQI level 4 qualification (Level 4 is the equivalent of the Leaving Certificate in Ireland) are offered a high quality and relevant learning opportunities. This would include an intensive option for people who are unemployed (15-20 hours per week) with an option to accreditation and work placement.

13. Health

The Country Report for 2017 made reference to the continued pressure on expenditure of public healthcare. The additional funding for healthcare services in July 2016 was used to cover overspending in the health sector. The health budgets for many years have been used for day to day spending in the sector without any real investment in services or the expansion of services. Very little, if any, reference is made in the report about the mounting pressure on the health system with increased numbers of people presenting to A&E, the length of time people are waiting for appointments and surgeries.

Ageing Population and Future Demand

It is expected that in thirty years the number of people in Ireland over the age of 65 will double[37]. This will no doubt increase pressure on health and caring services. Ireland needs to begin investing in these services to meet these future demands. Care in the home is more cost effective than nursing homes or hospital stays. Services in the community for older people or for people with disabilities can help alleviate the pressure on healthcare services, especially hospitals while at the same time help people remain in their own home. Health services need to be developed and improved upon to meet future demand for healthcare and meet the healthcare needs of an ageing population.

Primary Care

Ireland is the only EU health system that does not offer universal coverage of primary care[38]. Accessing our complex system depends on whether one has a medical card, a GP visit card, private health insurance, private resources to spend on health services, where one lives and what type of services one is trying to access; it is also those who are poorest, sickest and those with disabilities who find it hardest to pay charges, to negotiate access, and who must wait longer for care[39]. Those who are poor and sick without medical cards fare worst in terms of coverage and access[40]. The Country Report does highlight the importance of primary care but in the context of cost effectiveness. It should also prioritise the importance of primary care, in its role within wider community care, in addressing health inequalities and better health outcomes for those with the lowest incomes and from the most disadvantaged communities and groups

[37] 'Programme for a Partnership Government' (2016) http://www.merrionstreet.ie/MerrionStreet/en/ImageLibrary/Programme_for_Partnership_Government.pdf

[38] http://www.euro.who.int/__data/assets/pdf_file/0006/260088/Health-system-responses-to-financial-pressures-in-Ireland.pdf

[39] http://www.oireachtas.ie/parliament/media/committees/futureofhealthcare/Dr-Sara-Burke,-Centre-for-Health-Policy-and-Management,-TCD.pdf

[40] http://www.oireachtas.ie/parliament/media/committees/futureofhealthcare/Dr-Sara-Burke,-Centre-for-Health-Policy-and-Management,-TCD.pdf

Countries with a strong primary care sector have better health outcomes, greater equity, lower mortality rates and lower overall costs of healthcare[41]. The development of primary care teams (PCTs) and primary care networks across the country was intended to have a substantial impact on reducing problems within healthcare provision, and to shift from over-reliance on acute hospital services to a more community based model of service delivery. 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 2015, 484 primary care teams, at different stages of development, were in operation across the country[42]. However, during 2016, development of these centres appears to be virtually stalled[43] (Cullen 2016). This is of particular concern to the Alliance. Primary and community care services must be prioritised and invested in so that effective step down from acute hospital settings becomes a reality and where effective and efficient treatment and rehabilitation can be accessed. While the ongoing and systemic reform of the financial system continue, with the inclusion of activity based funding, the Better Europe Alliance understands that these reform levers, cannot be sufficient in themselves to solve the large scale deficits in service provision currently evident in primary and community health and social care services which hinder effective discharge planning and bed capacity in the acute sector.

Two Tier Health System

The two tier health system that continues to exist is more evident in specialist healthcare such as consultations with a specialist and for some surgeries. The speed of access to specialist healthcare continues to be an issue and leads to inequalities based on income. Access must be based on a person's need and not on their ability to pay or if they have private health insurance. People with private health insurance can be fast-tracked to specialist care. Those on low or fixed income and who may be in most need of specialist healthcare are often the ones most far removed from it.

Centres of Excellence and extra costs incurred

While Centres of Excellence provide the best of treatment for people and the Alliance are supportive, these patients can incur extra costs in accessing treatment. Most patients need to travel to access treatment and in some cases if travelling a long distance, may need accommodation. These costs are incurred by the patient. There is also the cost of caring, with another person often having to travel with the patient.

The Budget from Exceptional Needs Payment fell from €80 million in 2008 to about €31 million in 2017. This has made it more difficult for those with high health and hospital related travel costs.

[41] http://health.gov.ie/wp-content/uploads/2016/05/Better-Health-Improving-Health-Care.pdf
[42] http://www.childrensrights.ie/content/report-card
[43] http://www.irishexaminer.com/breakingnews/ireland/only-one-of-35-planned-healthcare-centres-has-opened-781342.html

With advancements in healthcare and treatments, a review of what treatments could be provided in local hospitals could be examined to reduce costs for patients.

Prescription Charges
The Alliance continues to be concerned at the cost of prescriptions in Ireland. We are very aware that Irish citizens continue to pay much higher prices for medication than other Member States. People on low or limited income, who may not be eligible for a medical card, are impacted the most by the cost of medicine, especially people who need to take medicine regularly.

The Alliance welcomes the new Framework Agreement on the Supply and Pricing of Medicines and that some money can be saved. From 2017, prescriptions for people over 70 years of age with a full medical card will have prescription charges reduced to €2 per item. However, for people with a number of items on the prescription and on a fixed income, it can still be expensive.

Proposal for Country Specific Recommendations for Ireland and Ireland's NRP

- A health system with equal access for all and based on need rather than ability to pay needs to be a priority in healthcare. The two-tier system that currently exists should be removed.
- Primary and community care services must be invested in so that effective step down from acute hospital settings becomes a reality and where effective and efficient treatment and rehabilitation can be accessed.
- The budget for Exceptional Needs Payments must be increased so that those who have to travel to access healthcare are not prevented from doing so because of travel costs.
- A review of what specialist treatments could be provided for local hospitals should be looked at.
- Continue to introduce measures which will lead to a reduction in prescription costs.