Social Justice Ireland

National Social Monitor

Ireland Social Scoreboard

Contents

Introduction

The European Pillar of Social Rights (EPSR) consists of 20 principles gathered together under three main headings, Equal opportunities and access to the labour market, Fair working conditions and Social protection and inclusion.[1] The aim of the Pillar is to take account of the changing realities of Europe's societies and the world of work. Our research has consistently shown that a more integrated social dimension across the European Union is required to ensure the European Social Model can meet the challenges of new realities and that the damage to social cohesion across the Union caused by the both the financial crisis of over a decade ago and the Covid-19 pandemic, can begin to be repaired.

The European response to the challenges we face must be focused on protecting people across the lifecycle, young and old, men and women, those with an income and those without. It must be sustainable economically, socially and environmentally. This response must include investment in a sustainable future and in our social and human capital. It must also move towards more participative forms of governance where people have a real say in shaping the decisions that impact on them. Above all, it must be based on the values of human rights, human dignity and the common good and be ethical at its core.

A more integrated policy response across the European Union is needed, and urgently. The European Pillar of Social Rights could be such a response. Every country in the European Union has a role to play, and Ireland is no exception. The Irish contribution to the reduction in poverty across Europe has been minimal, we have a persistent long-term unemployment problem and an increasingly privatised public services sector. Our addressing of sustainability issues has been rhetorical rather than real. The action demanded of Ireland to reach our 2030 targets and engage meaningfully with the European Pillar of Social Rights requires urgent policy implementation.

This edition of *Social Justice Ireland's* National Social Monitor does not attempt to cover all the commitments made in the Pillar of Social Rights. Using elements of the EPSR Social Scoreboard[2] as a guide, this paper is offered as a contribution to the ongoing public debate, specifically on the following issues:

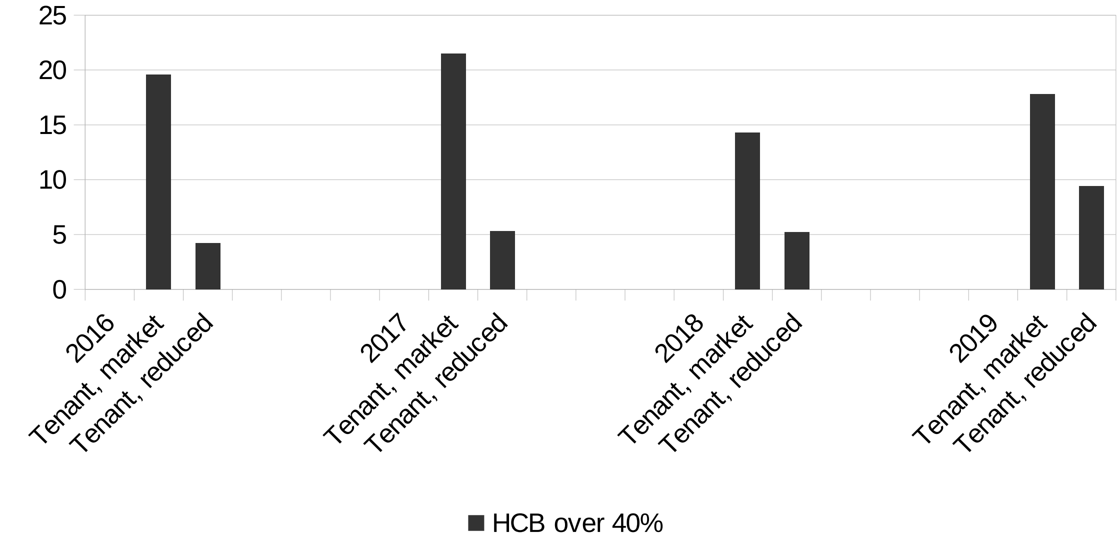
- Housing and Homelessness
- Healthcare
- Education and Skills
- Rural Development
- Work
- Governance and Participation
- Income Distribution
- Taxation
- Environment and Sustainability
- Global Challenges

[1] https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights/european-pillar-social-rights-20-principles_en

[2] https://op.europa.eu/webpub/empl/european-pillar-of-social-rights/en/

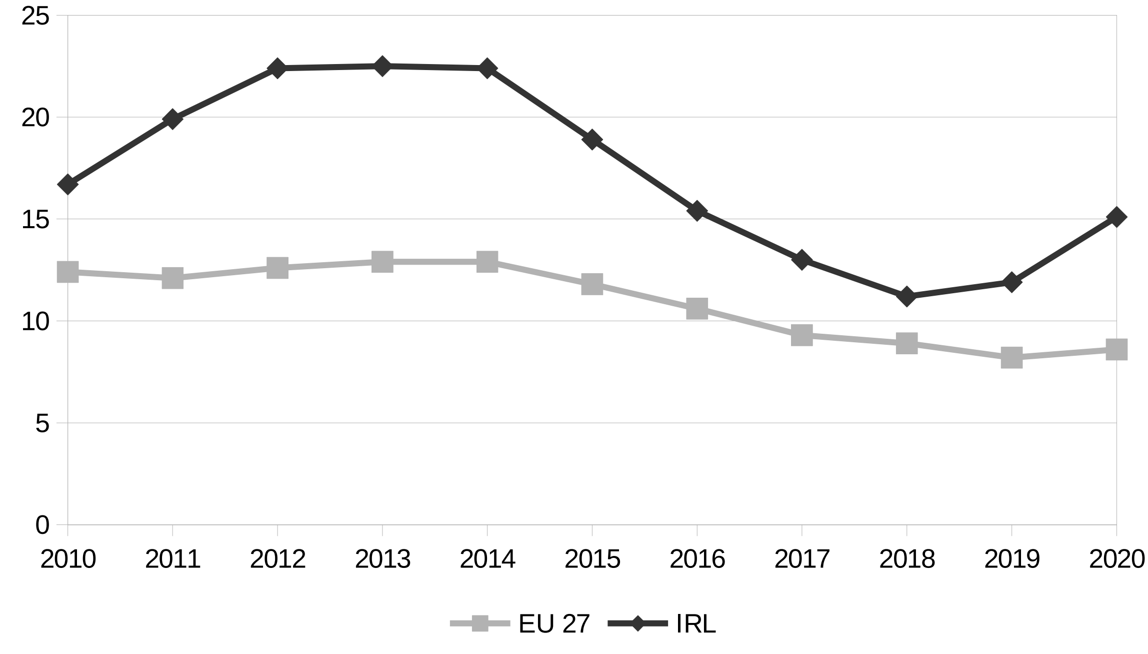
Housing and Homelessness

Chart 1.1: Housing Cost Overburden by Tenure Rental Type, %, 2016-2019



Source: The Housing Agency, Data Hub.

Chart 1.2: Arrears on mortgage, rent or utility bills (as % of population)



Source: Eurostat [ILC_MDES05], 2021.

Housing and Homelessness

The housing cost overburden rate is defined by Eurostat as the percentage of the population living in a household where the total cost of housing exceeds 40 per cent of their disposable income.

Housing costs are the main items of expenditure for many European households, Ireland being no exception. Alongside rent or mortgage payments, these costs include utilities such as electricity and gas. Households experiencing housing cost overburden may find themselves short of cash for other necessities such as food, clothing, transport, childcare and social inclusion.

Rental Rates

Chart 1.1 shows that those paying rent experience a high over burden rate. There could be some difficulty in the differentiation of the data between private and social tenants as some social housing tenants living in the private rental sector in receipt of subsidies may consider themselves private tenants. The difficulties many households face in paying market rents is well documented. Those paying reduced or subsidised market rents, despite those subsidies, are also experiencing annual increases in housing cost overburden.

Considering that these rents are subsidised and likely to be the lowest possible, the increase in those paying 40 percent from 4.2 percent in 2016 to 9.4 per cent in 2019 is concerning. There are likely to be many households making top up payments to landlords when in receipt of Housing Assistance Payment and it may also reflect the lack of standardisation in the calculation of social housing rent rates. Social housing rent is calculated based on household income and currently differs county by county. Some may have a set amount, for example, rent is set at €28 based on the first €152 of income and then each additional euro is charged at 25 per cent. Other Local Authorities calculate rent as a percentage of the principal earner's income. Even within the four local authorities in County Dublin, this can range from between 10 and 16 percent. The recent 'Housing for All' plan, the Government's housing plan to 2030 contains commitments to reform the methods by which differential rents are calculated in order to standardise them across the country to ensure fairness. Housing for All notes that "in 2018, the median rent paid by tenants in Dún Laoghaire/Rathdown was 63% higher than their counterparts in nearby South Dublin, and the median rent paid by tenants in Carlow was 13% higher than tenants in the neighbouring county of Laois".[1] This move is welcomed, however, standardisation must not exacerbate this situation for those already managing households on low incomes.

Arrears

Arrears on mortgage, rent or utility bills is another indication that housing costs could be too high. Despite house prices and rents increasing during the period 2010 to 2019, the share of households with arrears on mortgage, rent or utility bills in the EU has decreased from 12.4 per cent in 2010 to 8.6 per cent in 2020. Compare this to Ireland which had 16.7 per cent of households in arrears in 2010, grew to a high of 22.5 per cent in 2013, dropped to a low of 11.8 per cent in 2018 and is back on the rise to 15.1 per cent in 2020. Households across the country are struggling to maintain accommodation costs whilst also maintaining their basic utilities.

Policy Priority

- Adopt Social Justice Ireland's 10 Point Plan[2] to deliver Housing for All to ensure that everyone has access to affordable, secure, stable housing.

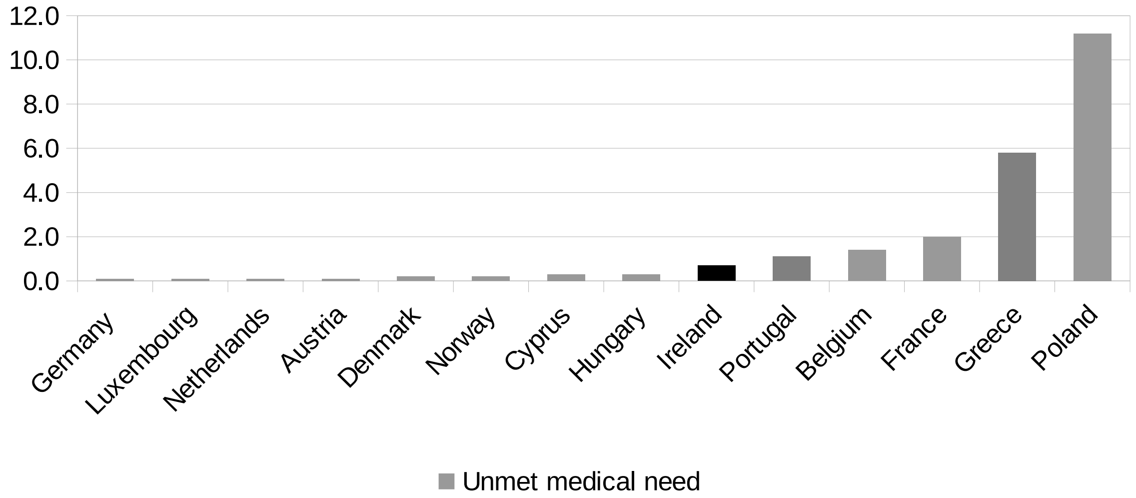
---

[1] https://www.gov.ie/en/publication/ef5ec-housing-for-all-a-new-housing-plan-for-ireland/

[2] https://www.socialjustice.ie/content/publications/10-point-plan-deliver-housing-all

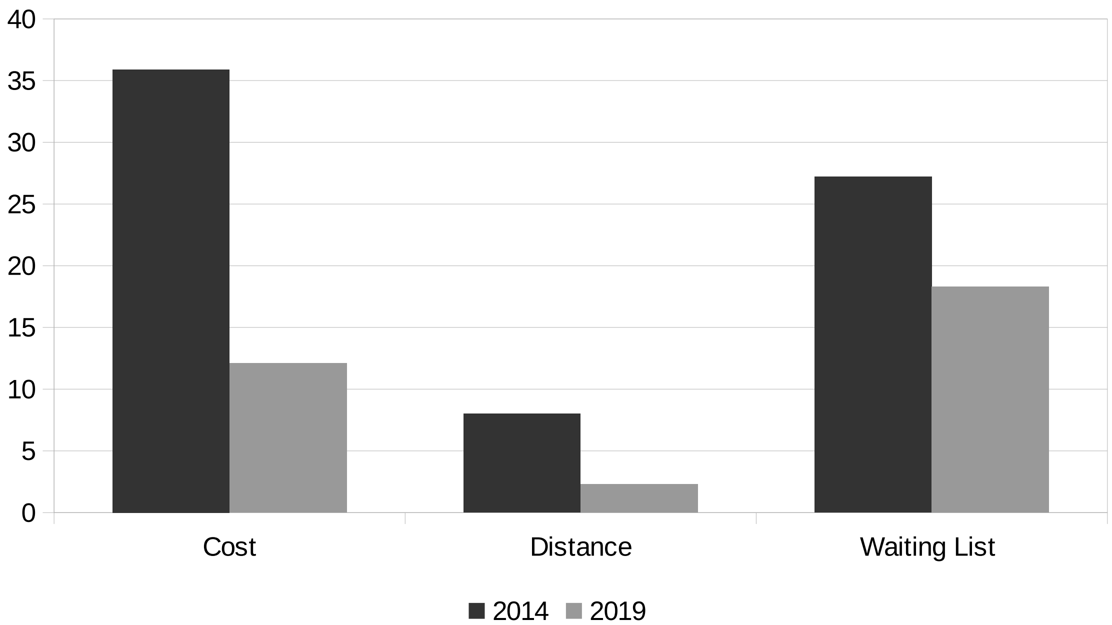
Healthcare

Chart 2.1: Self-reported unmet needs for medical examination by reason of expense, 2020



Source: Eurostat, [hlth_silc_08], 2021.

Chart 2.2: Self-reported unmet needs for health care by reason, 2014- 2019, Ireland (%)



Source: Eurostat, [hlth_ehis_un1e], 2021.

Healthcare

The key objective of any health system is to meet the health needs of the population by providing timely access to good quality care.

Unmet medical needs

These needs can also go unmet. An unmet need is defined as at least one episode where a person did not receive a medical exam or treatment when needed, did not fill a prescription or did not receive care soon enough.[1] These needs can be unmet due to a variety of reasons, for example because of long waiting times, cost or the distance to travel for care.

Figures from Eurostat show that 0.7 per cent of the Irish population aged over 16, across all income quintiles self reported unmet medical needs due to the expense in 2020 (Chart 2.1) and that distance to travel and waiting lists are also an issue for many in Ireland (Chart 2.2)

Research from the ESRI[2] and the World Health Organization (WHO)[3], shows that households on lower incomes, those living with a poorer health status and those without access to free primary care and/or private health insurance were more likely to report having an unmet healthcare need. The impact of income on the likelihood of reporting an unmet need was high for those without access to free primary care or private health insurance, suggesting the vital role a single tier health system would play in eradicating income based inequalities in unmet need. The WHO recommend that Sláintecare be fully implemented so that care can be provided entirely on medical need, not ability to pay and be free at the point of delivery.

As Ireland remains the only western European country without universal coverage for primary care[4], one of the most obvious concerns about the Irish Healthcare system is to do with access. In a report by Health Consumer Powerhouse, Ireland's health system ranked 22nd out of 35 countries in 2018 but on the issue of accessibility, Ireland ranked worst. That report notes that even if a waiting-list target of 18 months were reached, it would still be the worst waiting time situation in Europe.

Waiting lists

Those waiting for outpatient appointments in March 2021 numbered almost 630,000 an increase of 16,180 on November last year.[5]

Certain groups continue to experience health difficulties and need a particular policy focus, and inequalities still need to be addressed as disparities, such as in life-expectancy, continue to be great between socioeconomic groups.

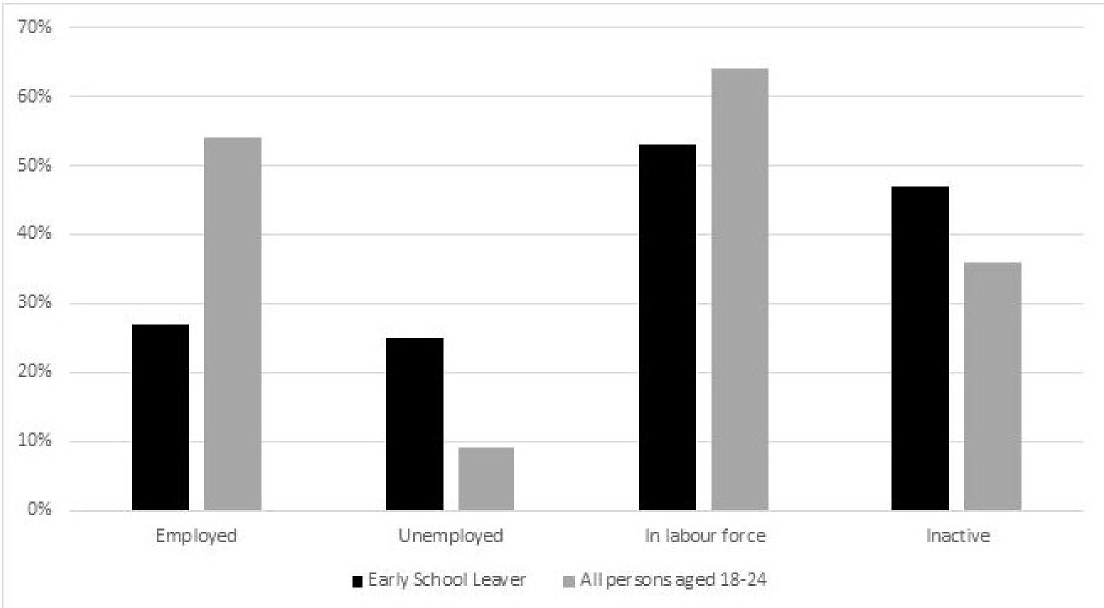
Policy Priorities

- Ensure that the c.€4bn additional resources committed for the development of the healthcare system in 2021 are retained and now fully rolled out in 2022 to implement Sláintecare.
- Ensure the continued roll out of the Enhanced Community Care programme including the funding and provision of Community Health Networks, Community Specialist Teams and Home Support Services.

[1] https://www.oecd.org/health/health-systems/Unmet-Needs-for-Health-Care-Brief-2020.pdf
[2] https://www.esri.ie/system/files/media/file-uploads/2017-06/RB20170301.pdf
[3] https://www.euro.who.int/en/countries/ireland/news2/news/2020/7/new-who-study-shows-how-ireland-can-reduce-health-related-financial-hardship-and-unmet-need-by-delivering-universal-access-to-health-care
[4] https://www.euro.who.int/__data/assets/pdf_file/0009/419463/Country-Health-Profile-2019-Ireland.pdf
[5] https://www.ntpf.ie/home/outpatient.htm

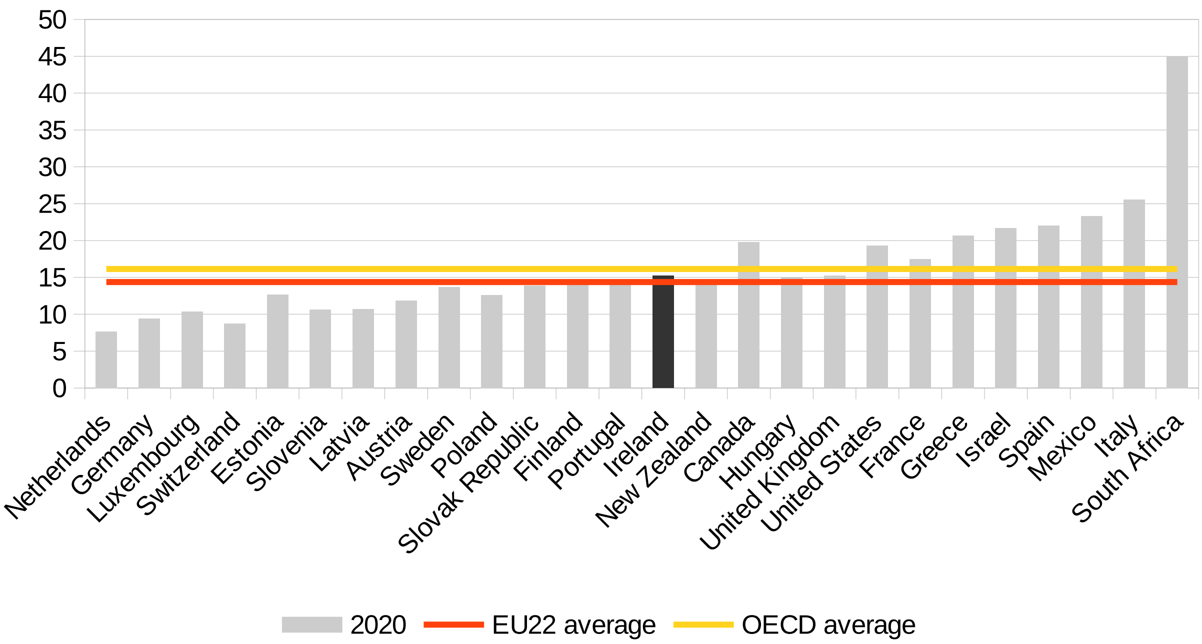
Education and Skills

Chart 3.1: Labour Market Status for Early School Leavers and total population 18-24 year olds, Q2 2019



Source: CSO, 2019.

Chart 3.2: Proportion of NEETs among 18-24 year olds, 2020 , %



Source: OECD - Education at a glance: Transition from school to work, 2021.

Education and Skills

Welcome progress has been made in Ireland towards reaching targets set in the European 2020 Strategy[1] to address early school leaving and to improve third level educational attainment.

Ireland early school leaver rates

Ireland has the fourth lowest early school leaving rate in the European Union at five per cent and Ireland ranked second in the European Union for the percentage of people aged 20-24 with at least upper-second level education at 94 per cent. This downward trend of early school leaving is a welcome development and Ireland has surpassed the national target set under the Europe 2020 Strategy.

Chart 3.1 indicates that an early school leaver is three times as likely to be unemployed than the general population aged 18-24. Only one in four early school leavers are in employment compared to the general population for that age group and just under half (47 per cent) are not economically active. A further report by the CSO analysed the outcomes for students who started second level education in 2011–2013.

When comparing early school leavers to those who completed the Leaving Certificate, the report found that just 43.8 per cent of early school leavers were in employment compared to 74 per cent of their peers who finished school, and that the median earnings for early school leavers were €65 less than their peers (€345 per week compared to €410 per week). Despite the progress made on early school leaving, these figures are a cause of concern.

Employment

The poor labour market status of early school leavers as outlined in Chart 3.1 points to the need for a continued focus on this cohort and on addressing educational disadvantage. As we move towards a future where digital transformation will disrupt the labour market, having the greatest impact on people with lower levels of education and skills, it is important that this cohort are not left behind.

NEETS

A related area of concern involves young people who are neither in education nor employment (known as NEETS).There are many reasons why the NEET rate is one of the most concerning indicators relative to young people – it indicates detachment and discouragement in relation to both work and education. Low educational attainment is one of the key determinants of young people entering the NEET category with other important factors including having a disability or coming from a migrant background. Young people with lower education levels face a three times greater risk than those with tertiary education. The OECD average NEET rate (ages 18-24) was 16.1 per cent in 2020, the EU 22 rate was 14.3 percent and the rate for Ireland is 15.2 per cent in 2020 (See Chart 3.2). The fact that the rate is high and is growing is a trend that should be of concern.

Policy Priorities

- Adopt policies to address the worrying issue of youth unemployment. In particular, these should include education and literacy initiatives as well as re- training schemes.

- NEETS need 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.

[1]https://ec.europa.eu/eu2020/pdf/COMPLET%20EN%20BARROSO%20%20%20007%20-%20Europe%202020%20-%20EN%20version.pdf

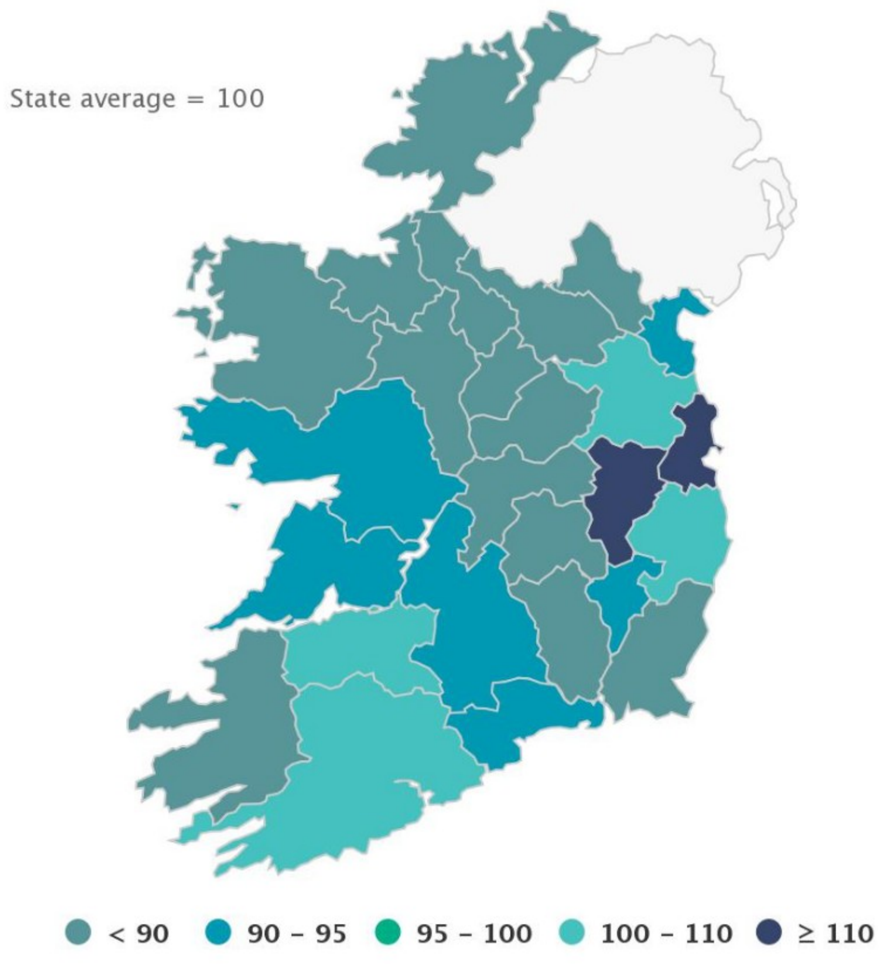
Rural Development

Table 4.1: Risk of Poverty Rate by Region, 2019

Region	Poverty Rate
Border	22.4%
Midland	14.5%
West	15.4%
Dublin	11.1%
Mid-East	7.4%
Mid-West	12.8%
South-East	21.8%
South-West	8.6%
National	**12.8%**

Source: CSO SILC Survey 2019.

Figure 4.2: Household Disposable Income per person, 2018



Source: CSO, County Incomes and Regional GDP, 2021.

Rural Development

Household disposable income is a measure of all the income received by a household, wages, income from self-employment, dividends, social transfers and benefits, taking into account tax and social insurance deductions, Figures from the OECD indicate a net annual growth in household disposable income for Ireland in 2020 of 8. 1 percent.[1]

However, this growth is not spread evenly across all households. The CSO poverty data shows an uneven national distribution of poverty. According to the latest data, poverty levels are recorded as higher than the country as a whole for the Border, Midlands, West and South-East regions.

The Border region and the South-East have the highest poverty rates in the State at 22.4 per cent and 21.78 per cent respectively, followed by the West (15.4 per cent) and the Midlands (14.5 per cent), see Table 4.1. This is a very concerning trend, and these regions have consistently had poverty rates far above the national average over the past decade.

Incomes vary in Ireland across urban and rural lines with Dublin and the Mid Eastern areas earning above the state average and rural areas earning less to varying degrees (Figure 4.2).

Invest in Rural Ireland

There is a real need for significant and ongoing public investment in rural Ireland. Remote working presents an opportunity to reinvigorate rural communities, but in order for Government strategies 'Our Rural Future'[2] and 'Making Remote Work'[3] to be successful, the supporting infrastructure must be put in place.

A focus on the shared services and infrastructure that remote working hubs require is needed, which would help to build thriving rural communities. One of the clearest lessons from the pandemic is that a good quality internet connection is not a luxury but is in fact essential to allow people to fully participate in society. This applies not just to economic inclusion, but to educational and social inclusion as well. If it was not clear prior to the current crisis that a quality internet connection is an equality issue, it surely is now. It is one that has both regional and financial dimensions and covers a broad range of policy areas. For 'Our Rural Future' to work, the rollout of high quality broadband must be an immediate Government priority.

Targeted supports

Rural development policy must be place-based, reflecting the strengths, assets and challenges a region faces, and have multi-stakeholder input. It should be underpinned by a concept of wellbeing defined by three multi-dimensional objectives: economic, social and environmental, as recommended by the OECD. Developing policy via this framework means that household income, access to a broad set of services, and a cohesive community in a pleasant local environment are all key considerations of rural development policy.

Every rural area is different, but many face the same challenges. A more flexible policy response is required to support rural areas adapt to local challenges.

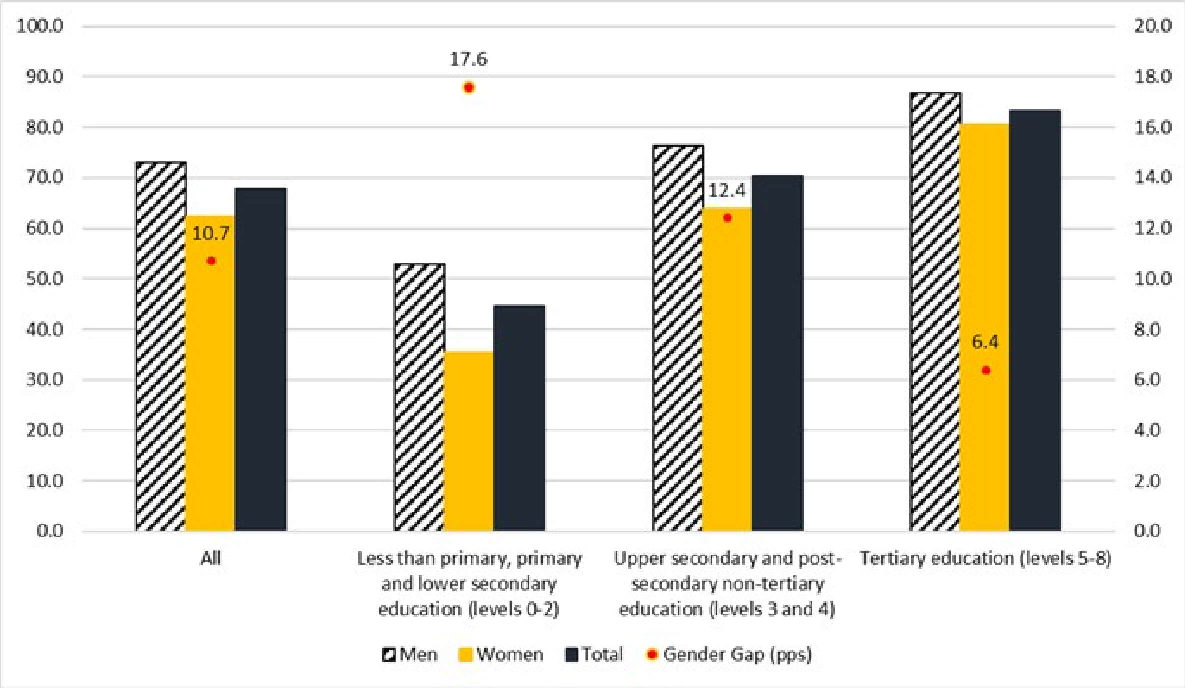
Policy Priority

- Commit to appropriate regional strategies that ensure that investment is balanced between the regions, with due regard to sub-regional areas, aiming to ensure that rural development policy is underpinned by goals of social, economic and environmental wellbeing.

[1]https://data.oecd.org/hha/household-disposable-income.htm
[2]https://www.gov.ie/en/publication/4c236-our-rural-future-vision-and-policy-context/
[3]https://www.gov.ie/en/publication/51f84-making-remote-work-national-remote-work-strategy/

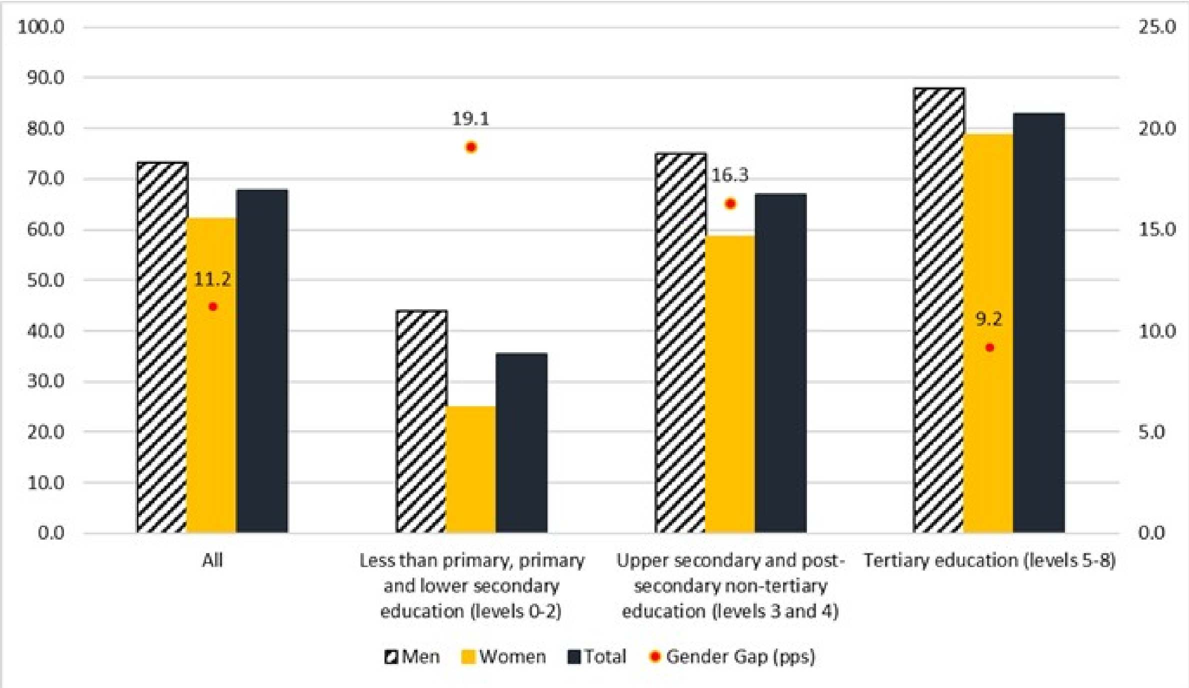
Work

Chart 5.1: Employment Rate by Gender and Level of Educational Attainment, EU27, Q3 2020



Source: Eurostat, Gender employment gap by education level in Q3, 2020.

Chart 5.2: Employment Rate by Gender and Level of Educational Attainment, Ireland, Q3 2020



Source: Eurostat, Gender employment gap by education level in Q3, 2020.

Work

The gender employment gap is the difference in rates of employment for men and women. Recent figures from Eurostat shows that education has a key role to play in closing this gap. For those with low educational attainment, the gap is wider than it was a decade ago.

In the third quarter of 2020, across the EU27, the employment rate for people aged between 15 and 64 was 62.4 per cent for women and 73.1 per cent for men – a gap of 10.7 percentage points and a decrease from 12.4 percentage points in 2010. While decreases in the gender gap are to be welcomed, there is still much to be done to close it. It is clear from the data that not only is education a key determinant of employment, it also affects the gender gap (Chart 5.1).

Education is key

For those who have low levels of education, defined by Eurostat as 'Less than primary, primary and lower secondary education (levels 0-2)', the employment rates for men and women are 52.9 per cent and 35.3 per cent respectively, a gap of 17.6 percentage points in 2020 (and an increase from 16.9 percentage points in 2010).

For those with medium levels of education, defined by Eurostat as 'Upper secondary and post-secondary non-tertiary education (levels 3 and 4)', the employment rates for men and women are 76.3 per cent and 63.9 per cent respectively, a gap of 12.4 percentage points and a slight decrease from 12.5 percentage points a decade earlier.

Those who attained a tertiary education fared the best. Not only are the employment rates of men and women the highest across the three groups, with 86.9 per cent and 80.5 per cent respectively, the gender gap has also narrowed by a greater margin – from 7.2 percentage points in 2010 to 6.4 percentage points in 2020.

While the correlation between educational attainment and employment levels, and the pattern of the gender gap decreasing with higher levels of educational attainment, are similar in Ireland, at all stages, the gender gap here is above the EU27 average. The gender gap has also increased in Ireland across all educational levels in the past decade.

The employment rate for men and women aged 15 to 64 in Q3 of 2020 was 73.3 per cent and 62.1 per cent respectively, creating a gender gap of 11.2 percentage points, a significant increase from 8.4 percentage points in 2010.

As can be seen in Chart 5.2, the lower the rate of educational attainment, the higher the gender gap. For those with the lowest educational attainment, the employment rates for men and women were 43.9 per cent and 24.8 per cent respectively, a gender gap of 19.1 percentage points and an increase from 16.4 percentage points in 2010.

Education linked to Employment

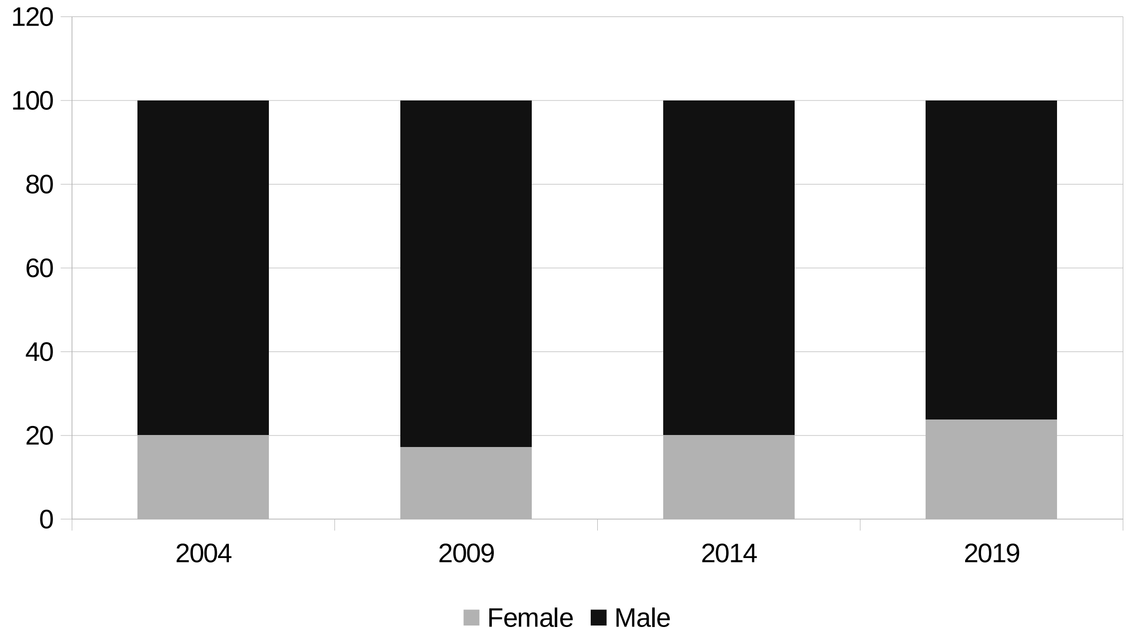
For those with medium levels of educational attainment, the employment rates were 74.9 per cent and 58.6 per cent for men and women, a gender gap of 16.3 percentage points and an increase from 10.8 percentage points in 2010. for those with tertiary education, the employment rates for men and women were 87.9 per cent and 78.7 per cent respectively, a gender gap of 9.2 percentage points and an increase from 6.1 per cent in 2010.

Policy Priority

- Access to affordable childcare, suitable, life-long learning opportunities and ancillary supports that allow women to fully participate in society must from part of the suite of basic services of a new Social Contract.

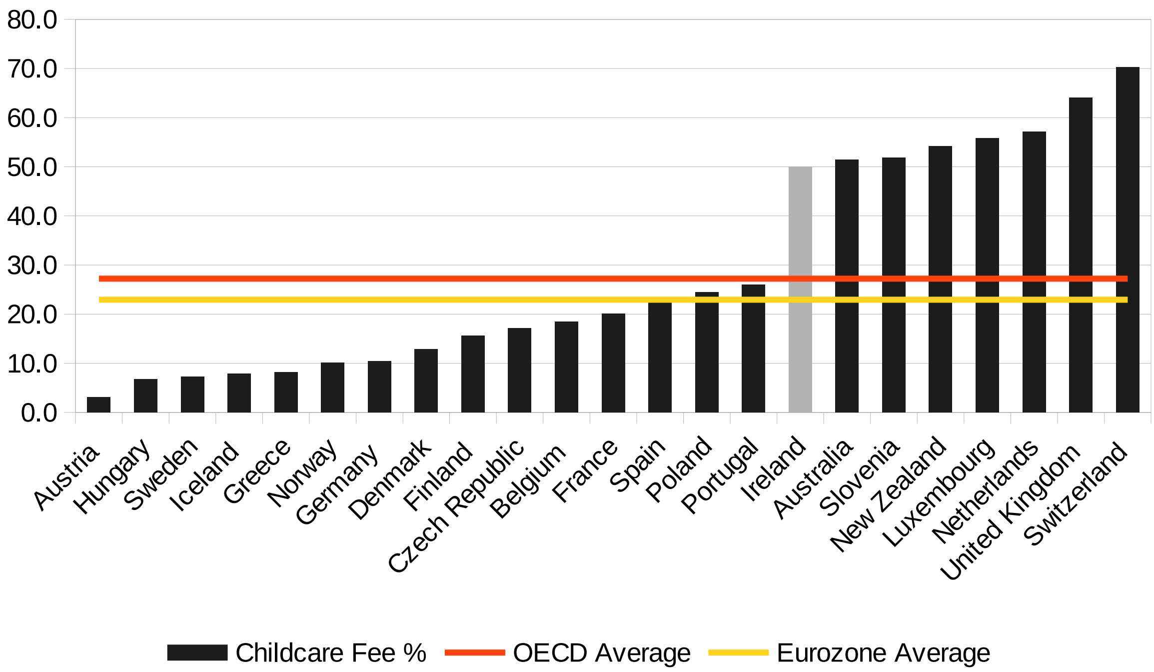
Governance and Participation

Chart 6.1: Female Representation in Local Government, 2004 – 2019, %.



Source: Ireland SDG, Geohive, 2021.

Chart 6.2: Gross fees for two children (age 2 and 3) attending full-time care at a typical childcare centre, as % of average earnings (AW), 2015



Source: OECD, Family Database, PF3.4 Childcare support, 2021.

Governance and Participation

Women are significantly out-numbered by men in politics in Ireland, with only 23.9 per cent of Local Government seats being filled by women in the 2019 Local Elections (Chart 6.1). Research from the National Council of Women in Ireland reports that care *is not* an issue for only 40.24 per cent of female respondents (local councillors and key stakeholders) compared to 54.17 per cent of the male respondents.[1] That same report notes that, "three times the proportion of women than men reported bringing their children on canvassing duty. 16% of women and 9% of men reported being reliant on unpaid childcare and 9% of women and 4% of men indicated a reliance on paid care. Women are more likely to bring their children with them on the campaign and are more reliant on care than their male counterparts. Lone parents would seem to be specifically disadvantaged by these dynamics".

A balanced representation by both women and men is seen as important in strengthening democracy and "is a necessary condition for women's interests and concerns to be taken into account.[2]

Access to childcare

Access to childcare then is important for allowing those with families to participate in education, work, volunteering and public life. The cost of childcare in Ireland as a percentage of income is high, making it simply unaffordable for many, especially lone parent and low income households. In many instances, the high cost of childcare makes it economically unviable for women to return to the workplace or education. A report from the ESRI showed that all else being equal, mothers with higher childcare costs at age three tended to work fewer hours when their child was aged five.[3] It should be the aim of government to develop an affordable childcare network that will remove the necessity for people, mainly women, to make the choice between staying at home and returning to the workforce on a purely financial basis.

High cost as a barrier

These high childcare costs present a barrier to participation, particularly for families with more than one young child. Chart 6.2 shows that net childcare fees for two children (age 2 and 3) attending full-time care at a typical childcare centre will need 50 per cent of average earnings (AW) in the year 2015, compared to an EU average of 14 per cent. Lower costs in other countries are as a result of lower costs or a variety of state subsidies.[4]

The provision of quality, affordable, accessible childcare for working parents is essential, particularly for families who have moved away from their home towns and counties, and familial support structures, to take up employment.

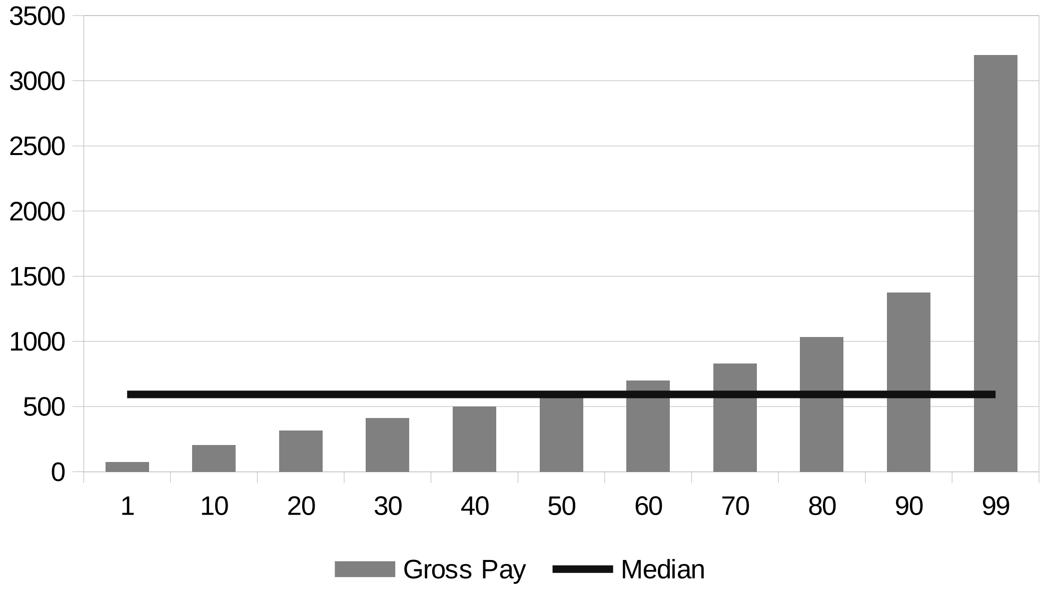
Policy Priorities

- Increase the Community Childcare Subvention (Universal) Scheme for under 3s.
- It is time to start investing in this area and moving Ireland's childcare infrastructure in the direction of the European norm.
- Government must increase investment in early childhood education and care and after-school care by 0.1 per cent of GDP each year with a view to reaching 1 per cent of GDP by 2026.

[1] https://www.nwci.ie/images/uploads/_NWCI_Research_Report_WEB.pdf
[2] https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/689345/EPRS_BRI(2021)689345_EN.pdf (Page 10)
[3] https://www.esri.ie/system/files/publications/RS73.pdf
[4] https://www.oecd.org/els/soc/PF3_4_Childcare_support.pdf

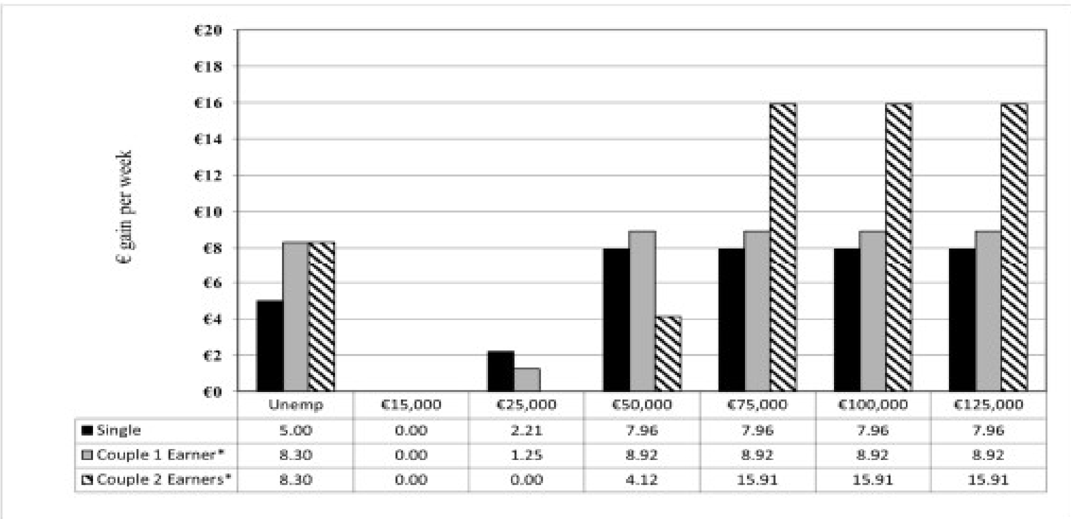
Income Distribution

Chart 7.1: Distribution of Weekly Earnings by Decile, 2018



Source: CSO, Earnings Analysis, 2021

Chart 7.2 : Impact of Income Tax and Headline Welfare Payment Changes from Budget 2022



	Unemp	€15,000	€25,000	€50,000	€75,000	€100,000	€125,000
Single	5.00	0.00	2.21	7.96	7.96	7.96	7.96
Couple 1 Earner*	8.30	0.00	1.25	8.92	8.92	8.92	8.92
Couple 2 Earners*	8.30	0.00	0.00	4.12	15.91	15.91	15.91

Source: Social Justice Ireland, Budget 2022 Analysis & Critique, October 2021

Notes: * Except in case of the unemployed where there is no earner. Unemployed aged 26 years plus. All other earners have PAYE income. Couple with 2 earners are assumed to have a 65%/35% income division. Lower income earners may also benefit from an increase in the minimum wage.

Income Distribution

According to recent research from the Nevin Economic Research Institute (NERI), "Ireland has one of the most unequal distributions of household market income inequality in the developed world.....Depending on the indicator, we're either at the top (GINI coefficient) or an outright outlier (no other country in Europe comes close to Ireland in its disparity between the share of market income going to the top 20 percent and the bottom 20)".[1]

As a recent report from the Social Protection Committee notes, even prior to the deteriorating social and economic situation created by the Covid-19 crisis since spring 2020, the gains of several years of growth in the EU have been 'offset … by uneven developments in the income distribution, including increasing depth of poverty, the rising risk of poverty for people living in (quasi-) jobless households and the limited progress towards the Europe 2020 Target".[2] The combined 'poverty or social exclusion' indicator corresponds to the sum of persons who are at risk of poverty or severely materially deprived or living in households with very low work intensity.

Low wage Earners

Low-wage earners are defined as those employees (excluding apprentices) earning two-thirds or less of the national median gross hourly earnings in that particular country. In 2018, Ireland had the second highest share of low-wage earners out of 11 high income EU countries (19.8 percent). Ireland's rate of low-wage workers among younger workers is the third highest in the sample (33.9 percent).

Chart 7.1 from the CSO, shows that in 2018 the median weekly earnings were €592.60 (half of all jobs earned more than this amount and half earned less).

Mean weekly earnings in 2018 were €740.72. 63 per cent of employees earned less than the mean, while 37 per cent earned more than the mean.

Chart 7.2 shows that those households with higher incomes benefit most from changes to tax credits in the recent Budget. In fact, as a result of this Government's failure to focus on low to middle income households with jobs, a couple with one earner at €30,000 has received an additional €0.39 per week from these two budgets combined. Even more devastating is the outcome for a household of four, two adults and two children, one income at €30,000 who also have benefited by only €0.39 over this Government's two Budgets.

For those reliant on social welfare, the failure to raise core social welfare rates by €10 a week in Budget 2022 means that many of the people who depend on these payments will fall further behind the rest of society.

Policy Priorities

- For those in receipt of social welfare, index social welfare rates to 27.5 per cent of average earnings, an increase of €19 over the next two Budgets.

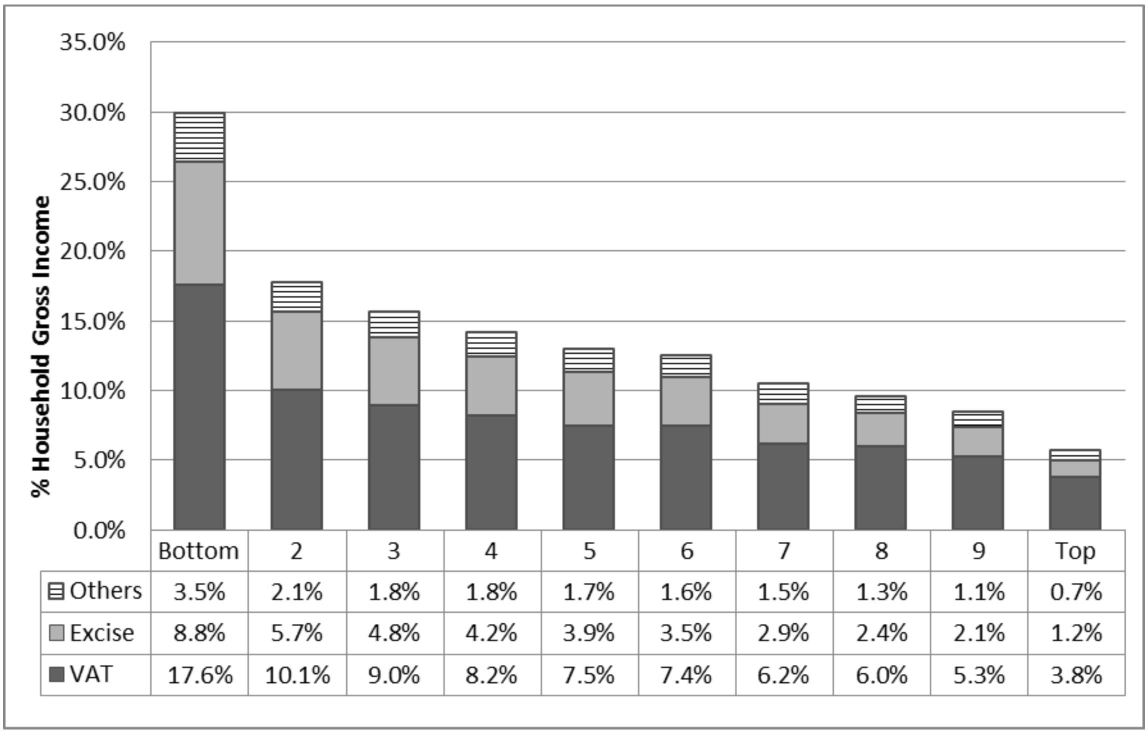
- For those on low pay, make tax credits refundable which could address the problems of low pay and in-work poverty in a straightforward and cost-effective manner.

- Move the Minimum Wage of €10.20 closer to the Living Wage of €12.90 per hour.

[1] https://www.nerinstitute.net/research/hourly-earnings-inequality-high-income-eu-countries-and-uk
[2] https://data.consilium.europa.eu/doc/document/ST-11371-2020-INIT/en/pdf

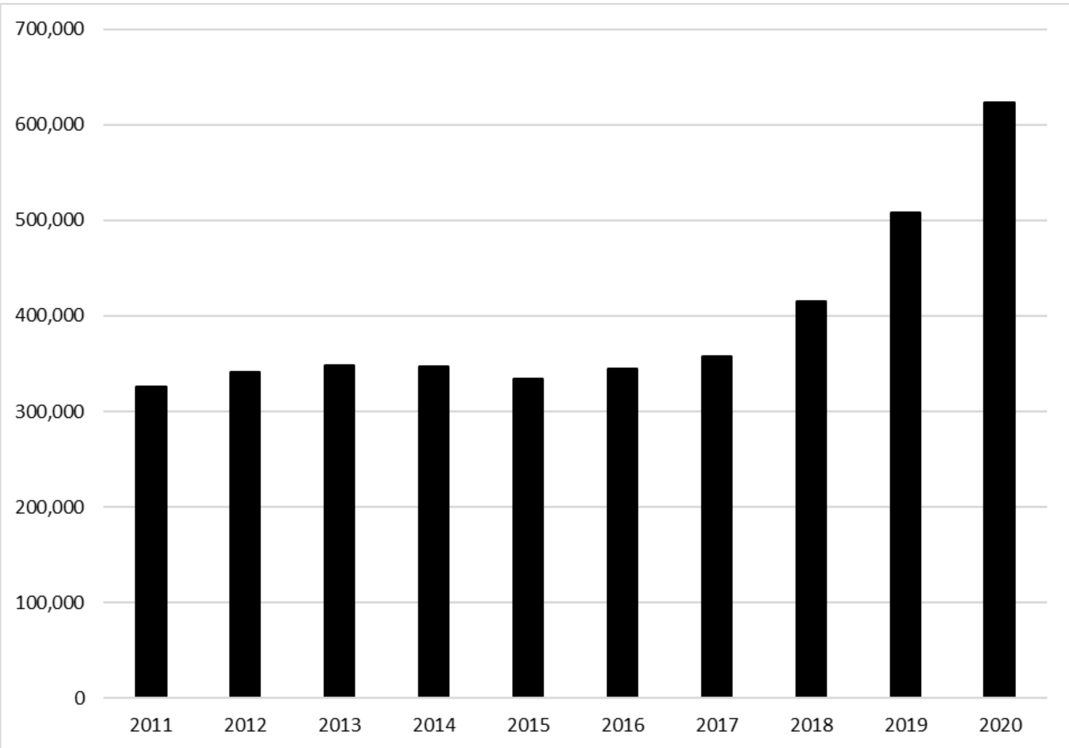
Taxation

Chart 8.1: Indirect Taxes as a % of Household Gross Income, by decile



Source: Collins, M.L. (2014) 'Total Tax Contributions of Households in Ireland' NERI Working Paper, 2014/18. Dublin: NERI.
Note: Others include levies, vehicle tax

Chart 8.2: National Training Fund Levy 2011 to 2020 €(,000)



Source: Government of Ireland, whereyourmoneygoes.ie

Taxation

In 2020, €12.2 billion in revenue was raised in net tax receipts from VAT, accounting for 22 per cent of all net tax receipts that year. Due to Covid-19-related supports, a further €1.1 billion in VAT liabilities were warehoused.[1] While this is a reduction on the €15.2 billion in VAT collected in 2019, VAT remains the second highest revenue source, behind Income Tax, for the State. According to a study by the ESRI, in 2020, Revenue Commissioners estimated that a 1 percentage point increase in the standard and reduced rates of VAT would raise €690 million in additional revenue.[2] This increase, however would be regressive as VAT accounts for a higher proportion of the incomes of lower income households. A 2014 study by NERI indicated that indirect taxation consumes more than 29 per cent of the lowest decile's income.[3] Of this, VAT accounted for 17.6 per cent. This compares to just 5.7 per cent overall for the top income decile, with VAT accounting for 3.8 per cent (Chart 8.1). These findings reflect the fact that lower income households tend to spend almost all of their income while higher income households both spend and save. When it comes to policymaking, it is important that the impact of indirect taxes on lower income households is taken into consideration when budgetary decisions are made regarding indirect taxes, minimum wages and social welfare rates.

National Training Fund – Employer Levy

The National Training Fund (NTF) levy was introduced by the NTF Act, 2000 to fund the skills development of those in or seeking employment. Originally set at 0.7 per cent of reckonable income, in Budget 2018, the fund was increased by 0.1 per cent to 0.8 per cent, an increase repeated in each of years 2019 and 2020 (Chart 8.2).[4]

The introduction of these increases was accompanied by a series of reforms recommended in the review of the NTF conducted by Indecon in 2018[5] and by the NTF Expenditure Report 2018. According to the Dept. of Education and Skills, the NTF fund has been operating at a surplus since 2015.[6]

If the NTF is accumulating an annual surplus, is there a case to be made for reversing the increases to the employers' levy? No. We urgently need to invest more in lifelong learning to ensure that those whose jobs are at risk of globalisation or automation are equipped with the necessary skills to transition and adapt to a new world of work. This will take investment in on-the-job and in-work training and supports. According to the 2019 Expenditure Report, the expenditure on Training Programmes for those in Employment increased by 9.2 percentage points in 2018 compared to 2017, and by a further 4.9 percentage points in 2019. This is a critical expenditure line for the programme and must be maintained as we deal with the scarring effects of Covid-19 on employment, education and training.

Policy Priorities

- Ensure that changes in taxation do not adversely affect those on lower incomes.
- Invest the NTF surplus in on-the-job training and supports.

[1] Revenue Commissioners (2021): VAT Payments and Returns 2020. Dublin: Revenue Commissioners

[2] Kakoulidou, T. and Roantree, B. (2021): *Options for Raising Tax Revenue in Ireland*. Budget Perspectives 2022 Paper 1, May 2021. Dublin: ESRI

[3] Collins, M.L. (2014): *Total Tax Contributions of Households in Ireland*. NERI Working Paper, 2014/18. Dublin: NERI

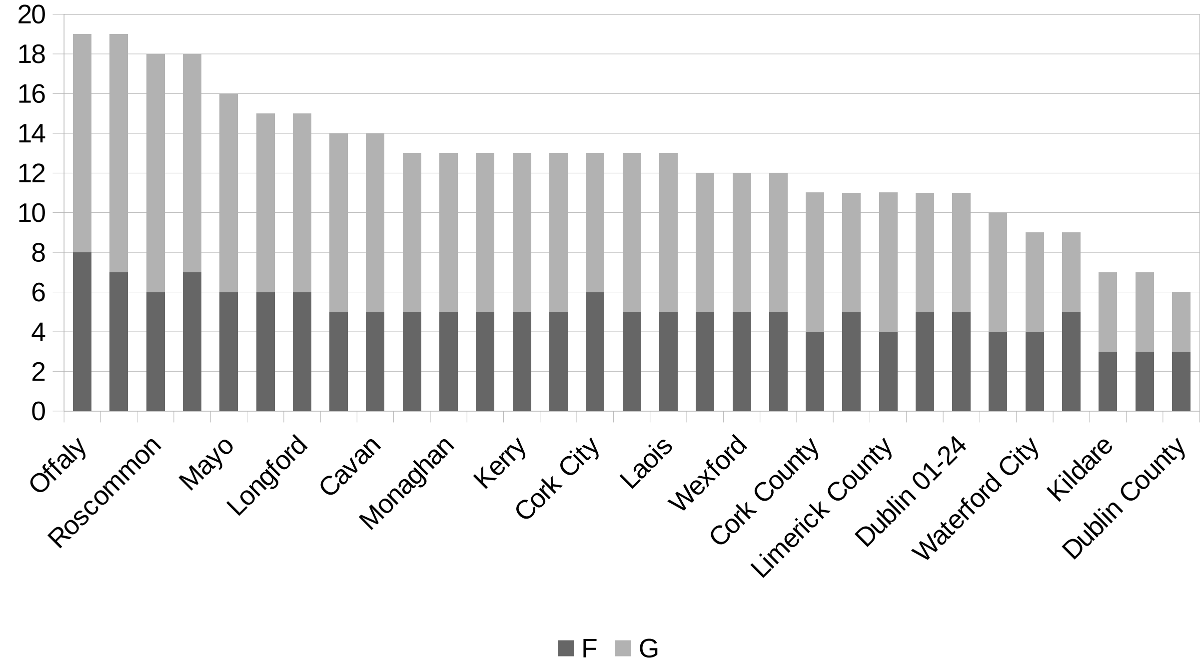
[4] Harris, S. (2021): *Parliamentary Question 1326, Wednesday, 21st April 2021*, Dublin: Oireachtas.ie

[5] Indecon (2018): *Indecon Review of the National Training Fund*. Dublin: Indecon.

[6] Department of Education and Skills (2020): *National Training Fund Expenditure Report 2019*. Dublin: Stationery Office.

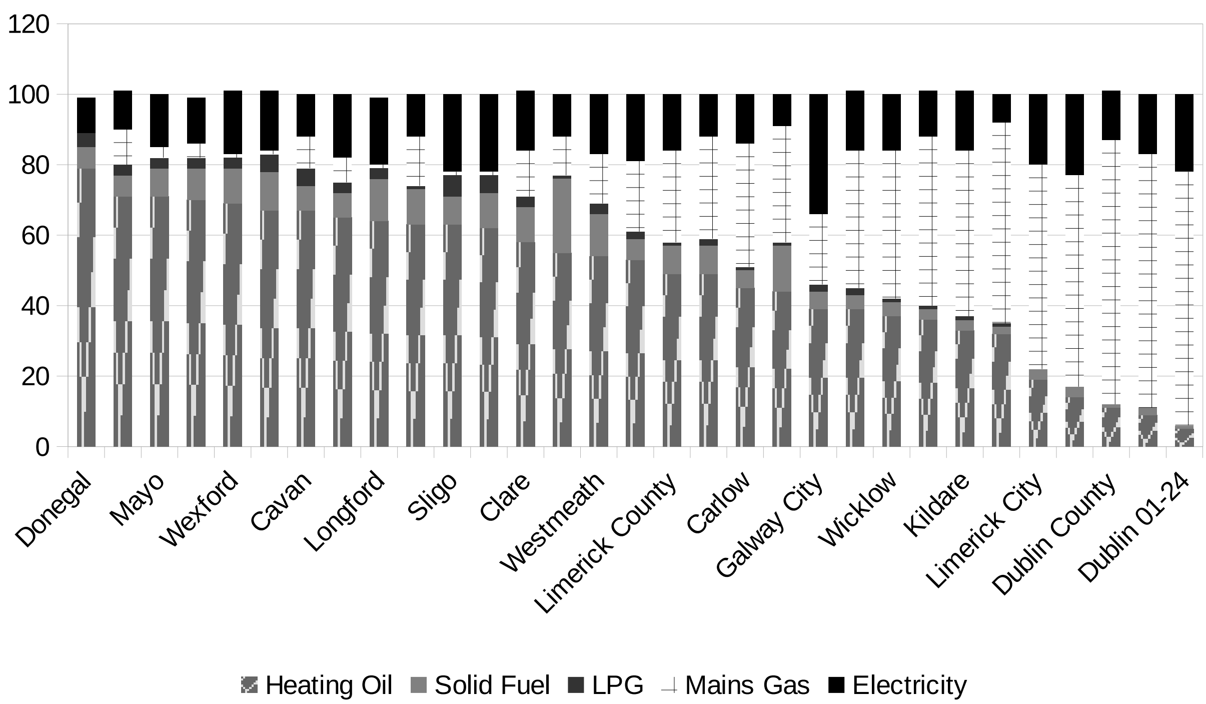
Environment and Sustainability

Chart 9.1: BER Ratings, F and G, by county, (2009 – 2019)



Source: CSO, Domestic Building Energy Ratings, 2009-2019.

Chart 9.2: Main Space Heating Fuel by County (2009-2021)



Source: CSO, Domestic Building Energy Ratings, 2009-2021.

Environment and Sustainability

Fuel or energy poverty, when considered as a form of deprivation distinct from income poverty, is generally associated with three main causes, low household income, high energy costs and low household energy efficiency.

Rural/Urban divide

The highest number of A rated (the most energy efficient) homes are in Dublin and the surrounding commuter belt. This may reflect the number of newer build properties in those areas. The majority of homes across the country are mid range, C1 to D2 and the counties displaying the highest numbers of F and G (the least energy efficient) are Roscommon, Mayo, Leitrim, Offaly and Tipperary. Chart 9.1 shows BER averages across the country for the lowest two ratings, (F and G).

A higher proportion of homes with the lowest energy ratings use Coal, Smokeless Fuel, Peat, Wood and Solid Multi-fuels which are greater emitters. Rural areas are among those that will be most impacted by the transition to a carbon-neutral society as they are more reliant on these fuel sources as shown in Chart 9.2. According to last year's SEAI Energy in Ireland report, CO2 emissions from the combustion of fossil fuels accounted for 57% of Ireland's total greenhouse gas (GHG) emissions.[1]

An ongoing dialogue on how to support a just transition and adaptation is essential.

Just Transition

We can address both the financial and environmental costs by making our homes more energy efficient. Energy efficient homes help reduce our carbon footprint as they require less fuel to heat. Despite Government strategies specifically aimed at tackling energy poverty, barriers persist to accessing grants for low income households. These are the households who are most likely to use solid fuels such as coal and peat; the very households that policy should be targeting. The upfront costs associated with accessing sustainable energy grants can act as a barrier for those on low incomes. Too often subsidies are only taken up by those who can afford to make the necessary investments. Retrofitting is a prime example. As those who need them most often cannot avail of them due to cost, these subsidies are functioning as wealth transfers to those households on higher incomes while the costs (for example carbon taxes) are regressively socialised among all users.

With over 230,000 homes having the lowest BER ratings of F and G, it is imperative that Government support these households by redesigning these schemes to make them more accessible.

Adaptation

Investment in renewable energy and retrofitting on the scale required to meet our national climate ambition requires large scale investment in infrastructure. An upgrade of the national grid must be a key element of infrastructure investment so that communities, cooperatives, farms and individuals can produce renewable energy and sell what they do not use back into the national grid thus becoming self-sustaining and contributing to our national targets.

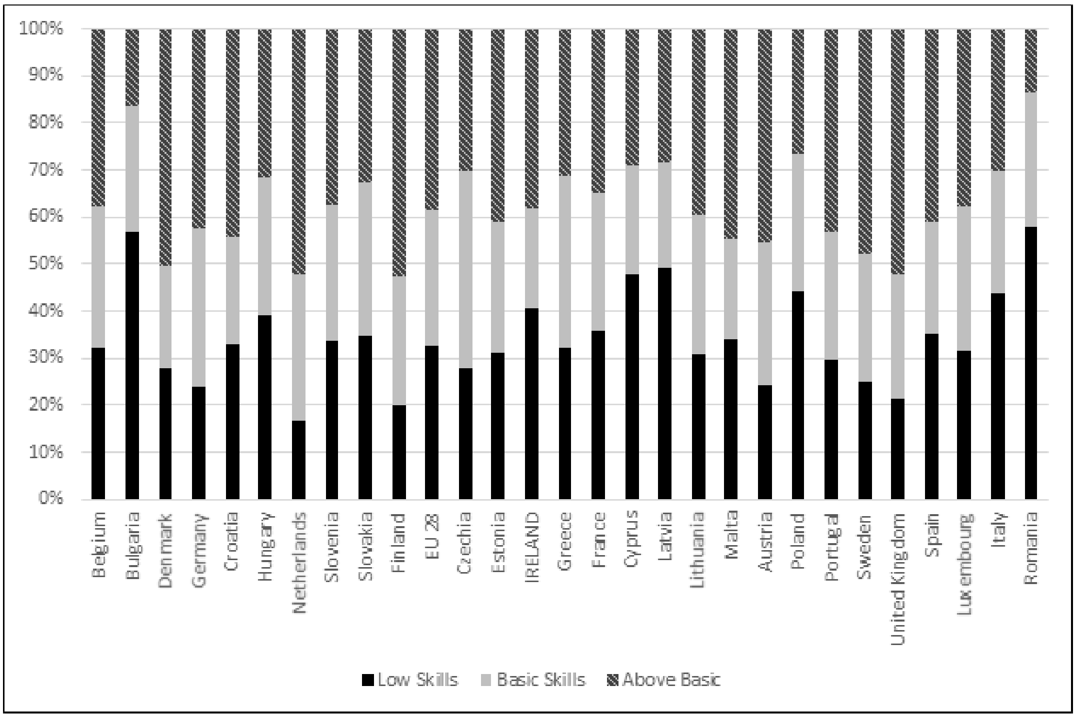
Policy Priority

- Invest €2m to establish a network of community energy advisors to engage with and inform people and households in energy poverty and hard-to-reach energy users as a national retrofitting programme is rolled out. This would ensure that these households who have the greatest energy needs are a priority as we transition to renewable energy sources and reduce our emissions

[1]https://www.seai.ie/publications/Energy-in-Ireland-2020.pdf

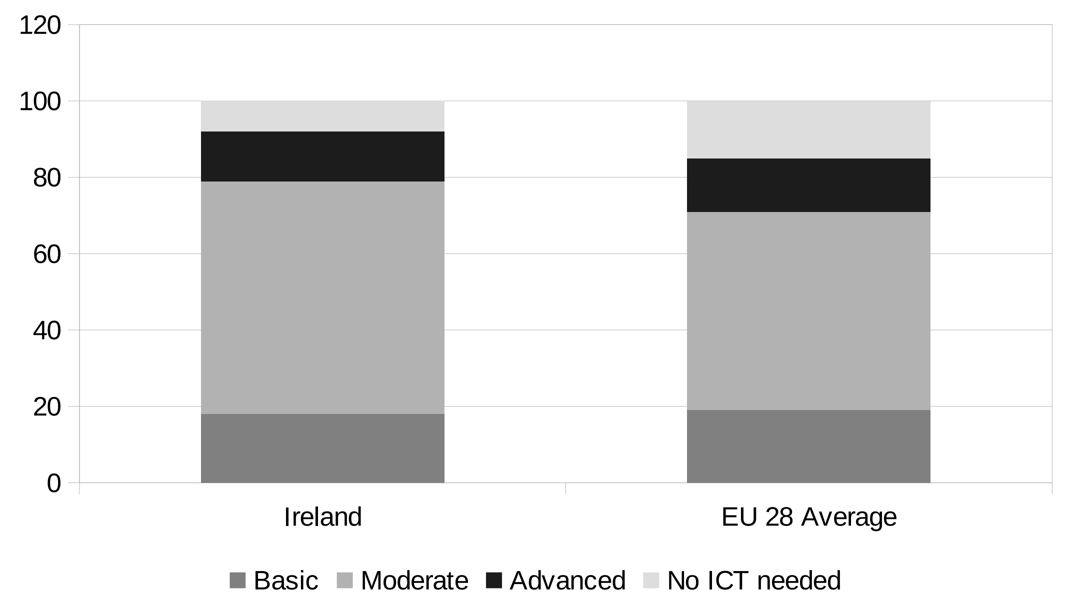
Global Challenges

Chart 10.1: EU-28 Digital Skills Levels, 2019



Source: Eurostat, 2021.

Chart 10.2: Perceived digital skills needed for work by ICT skill level used, age group, and education level



Source: Solas, Digital Skills Requirements, 2020

Global Challenges

The OECD has called skills 'the new global currency of 21st Century economies'.[1] By providing workers with increased skills, countries can ensure that globalisation translates into job creation and increased productivity, rather than negative economic and social outcomes.

The Covid-19 pandemic saw a dramatic increase in remote working and learning and as a result, greater digital inclusion is needed. Ireland's performance on digital skills is concerning (see Chart 10.1). Over 55 per cent of the population have low or basic digital skills.

An important issue when it comes to skills gaps is the pace of change in ICT. Digital competency requires continuous learning. As well as the technical skills of being able to use devices, ICT users also need to be able to evaluate the accuracy and trustworthiness of online resources. In Ireland, skills are lower among older people, and those on lower incomes. Chart 10.2 shows that almost 80 per cent of Irish workers needed either basic or moderate ICT skills to do their jobs. The skills that are easiest to automate or outsource are routine technical skills. Educational success is now about creative and critical approaches to problem solving, decision making and persuasion, applying the knowledge that we have to different situations. It is about the capacity to live in a multifaceted world as an active and engaged global citizen.

Investment in Skills

According to the Future of Jobs Report from the World Economic Forum[2], without investment in our social welfare, training, skills development and education systems we risk facing into an era of technological change accompanied by job losses, mass unemployment, growing inequality and skills shortages. This report also points to the skills that will be in demand by 2022 which include analytical thinking and innovation, technology competencies, active learning creativity, originality and initiative, critical thinking, persuasion and negotiation.

This is supported by the OECD in a report on Well-being in the Digital Age[3] which found that the digital transformation could compound existing socio-economic inequalities, with the benefits in terms of earnings and opportunities accruing to a few, and the risks falling more heavily on people with lower levels of education and skills. The report notes that 14 per cent of all jobs are at high risk of being lost due to automation, with another 32 per cent at risk of significant change over the next 10 to 20 years. This means that nearly half of the labour force will be impacted by changes to their jobs as a result of automation by 2040. Our training and skills development policy must be adapted to meet this challenge.

Targeting Key Groups

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

Policy Priority

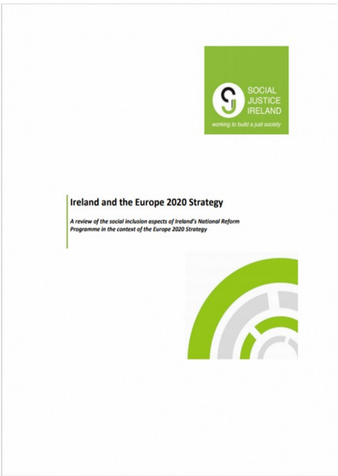
- Incorporate the latest OECD recommendations on training and lifelong learning into the National Skills Strategy and revise our target to reach 15 per cent by 2021 and to reach 20 per cent by 2026.

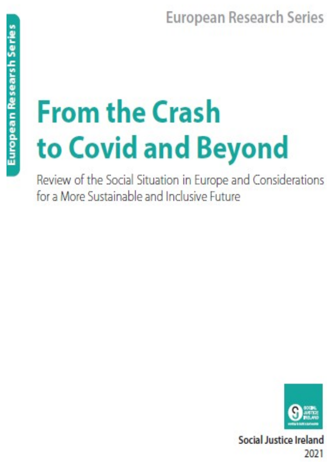
[1] https://www.oecd.org/newsroom/oecdlaunchesskillsstrategytoboostjobsandgrowth.htm

[2] https://www.weforum.org/reports/the-future-of-jobs-report-2018

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

Other Publications by *Social Justice Ireland* (see www.socialjustice.ie):






SOCIAL
JUSTICE
IRELAND
working to build a just society

Employment Monitor

Issue #9 ISSN: 1649-4954
May 2021

Key Points

- Income-related pandemic supports have become a lifeline for many. However, they have created a two-tier welfare system.
- Unemployment pre-pandemic was 4.7%.
- Unemployment post-pandemic could reach 16.1%.
- 21% of people whose employment was affected by Covid-19 do not expect to return to the same job.
- The sectors with the highest proportion of workers who do not expect to return to the same job are Information and Communication; Administrative Support and Service Activities; and Professional, Scientific and Technical Activities.
- More men than women were in jobs affected by Covid-19, but more women than men expect not to return to the same job.
- Younger workers, aged 15-34 years, accounted for 44 per cent of workers who did not expect to return to the same job post-Covid. That is 111,940 people.
- More than one in five older workers (aged 60-64) whose employment was affected do not expect to return to the same job.
- Dublin and the South-East were the regions most affected, while the Border region was least affected.
- Government must resource the up-skilling of those who are unemployed and at risk of becoming unemployed through integrating training and labour market programmes.
- Policies to address the obstacles facing women when they return to the labour force are urgently needed.
- Expanding the age profile for apprenticeship and training programmes would support older workers.

The world of work changed dramatically in March 2020. On the 11th March 2020, the World Health Organisation characterised Covid-19 as a pandemic and the following day, schools, colleges, and childcare facilities were closed.

A few days later, on the 15th March, pubs and hotel bars were closed and so it continued. Government restrictions meant that working from home became the "new normal" and a large proportion of the population who could not work from home, and who were not deemed "essential workers", found themselves out of work.

By the end of Q2 2020 531,412 people were in receipt of the Pandemic Unemployment Payment (PUP) (CSO, 2020) and 306,700 employees were receiving the Temporary Wage Subsidy Scheme (now called the Employee Wage Subsidy Scheme or EWSS) (Revenue Commissioners, 2020).

These income-related supports were a lifeline for many households. The initial €350 PUP payment, however, created a two-tiered welfare system where individuals who lost their jobs due to Covid-19 received an income that was 72 per cent higher than those who were on the basic social welfare rate.

As we come through the pandemic and businesses begin to reopen, we need now to consider the real impact of Covid-19 on jobs in Ireland and what policy priorities are required.

Employment Monitor is a briefing from *Social Justice Ireland* examining Ireland's employment situation, including employment numbers, significant labour market trends, and other aspects of the macroeconomy. The purpose is to highlight selected trends and make recommendations with a focus on the policy goals of increasing employment, providing better working conditions, and creating a more just economic model and a fairer society.

In this issue we look at the impact of Covid-19 on employment in Ireland and, for those who do not expect to return to their previous job post-pandemic, the impact on unemployment in the coming years.

Employment Monitor, May 2021 1

Social Justice Ireland is an independent think-tank and justice advocacy organisation of that advances the lives of people and communities through providing independent social analysis and effective policy development to create a sustainable future for every member of society and for societies as a whole.

Acknowledgement

The work is partly supported by the Department of Rural and Community Development via the Scheme to Support National Organisations and Pobal.

Support *Social Justice Ireland*

If you wish to become a member of *Social Justice Ireland* or make a donation to support our work you may do so through our website **www.socialjustice.ie/members** or by contacting our offices directly.