



# Ireland and the Europe 2020 Strategy: Employment, Education and Poverty

*A review of the social inclusion aspects of Ireland's  
National Reform Programme in the context of the  
Europe 2020 Strategy*



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*Social Justice Ireland*

2015

## Overview

This report was compiled by *Social Justice Ireland* in light of the Europe 2020 Strategy and its high-level targets, and of Ireland's National Reform Programme, which sets out Ireland's response to achieving those targets.

The report covers three of the five headline targets established in the Europe 2020 Strategy and addressed in the Irish National Reform Programme, namely, employment, education and 'poverty and social exclusion'. In each of these areas the report identifies the Europe 2020 target and Ireland's corresponding headline target, and then:

- Analyses the current context;
- Assesses progress (or otherwise) in achieving the Irish headline target;
- Reviews recent policy decisions and assesses their contribution (or otherwise) to Ireland achieving its targets;
- Identifies a number of issues relevant to the achievement of the targets; and
- Makes recommendations on adjusting the targets that Government has set in particular areas.

A partnership approach to the development of National Reform Programmes is envisaged in the Europe 2020 Strategy, involving a range of stakeholders, including those from civil society. The report, therefore, also addresses the issue of governance relating to the consultation process on the framing and development of the Irish National Reform Programme. Suggestions are made on how that process may be improved.

This report has been prepared by *Social Justice Ireland* drawing on data available from the EU and from Ireland's Central Statistics Office (CSO) as well as on on-going work *Social Justice Ireland* is doing on European and global issues. It also builds on our previous series of reports (from 2011 on) on this same topic. Our findings include that the policies being pursued by government are resulting in the further exclusion of people who already find themselves on the margins of society and pushing Ireland further away from reaching many of its national targets under the Europe 2020 Strategy. This is of major concern to *Social Justice Ireland*. It also runs counter to the aim of inclusive growth which is central to the Europe 2020 Strategy.

Implicit in the approach taken in the Europe 2020 Strategy is that economic development, social development and environmental protection are complementary and interdependent – three sides of the same reality. Overall, current trends in Irish public policy are running counter to the promotion of 'inclusive growth,' which is one of the three key priorities which underlie the Europe 2020 Strategy. Inclusive growth is not just about fostering a high-employment economy, it also aims to deliver social cohesion – it is integral to the Europe 2020 strategy and needs to be integral to the response of the Irish Government.

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# 1. Introduction and Context

Adopted by the European Council in June 2010, the Europe 2020 Strategy set out to do develop a more balanced and sustainable approach for the future. While not without its critics, the Strategy is also seen as a significant development in social policy within the EU. In particular, its inclusion of targets aimed at increasing employment, improving education and reducing poverty and social exclusion are considered potentially significant because they highlight the importance of social policy goals to a vision for Europe's future well-being. In this report we look at key aspects of Ireland's performance in response to the Europe 2020 Strategy in the areas of employment, education and poverty.

## The Europe 2020 Strategy

The Europe 2020 strategy was designed to address the economic and financial crisis that had wiped out 'years of economic and social progress', while also exposing what were considered to be structural weaknesses in Europe's economy. The strategy aims to turn the EU into a 'smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion' (European Commission, 2010, p. 5).

A major step forward in the development of EU policymaking, having increased the potential visibility and importance of social issues, and the possibility of 'a much more integrated and coordinated approach to economic, social, employment and also environmental governance' is how the strategy has been characterised (Frazer et al, 2010, p.3). As these authors put it:

*'The Lisbon Treaty and the Europe 2020 Strategy provide a significant, if far from perfect, opportunity to move towards a better and more mutually reinforcing balance between economic, employment and social objectives – and thus towards a stronger Social EU' (Frazer et al, 2010, p 34).*

While there has been criticism of aspects of the Europe 2020 strategy<sup>1</sup>, the existence of targets aimed at reducing poverty and social exclusion will, it has been argued, create a new dynamic and impose pressure on politicians and policy-makers to deliver against those targets (Walker, 2011, p.1).

## Priorities, Targets & 'Flagship Initiatives'

The Strategy articulates three priorities, five headline targets for 2020 intended to be representative of the three priorities, as well as a number of actions at national, EU and international levels to underpin them (European Commission, 2010).

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<sup>1</sup> There has, for example, been criticism of the way indicators were combined to determine the target for 'poverty and social exclusion' (see Nolan & Whelan, 2011). That has also been criticised by *Social Justice Ireland*. Another area sometimes considered problematic is the fit between the governance architecture of the Europe 2020 Strategy and EU social policy coordination as it had developed over a decade through the Social Open Method of Coordination (OMC) (Zeitlin, 2010).



The three **priorities** are:

- Smart growth: developing an economy based on knowledge and innovation,
- Sustainable growth: promoting a more resource efficient, greener and more competitive economy,
- Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion.

The **headline targets** for 2020 are intended to steer progress toward achieving the priorities. They are:

- Employment – 75% of the 20-64 year-olds to be employed,
- R&D – 3% of the EU's GDP to be invested in R&D (includes public and private investment),
- Climate change/energy –
  - greenhouse gas emissions 20% lower than 1990 (or 30% if the conditions are right)
  - 20% of energy from renewables
  - 20% increase in energy efficiency
- Education –
  - Reducing school drop-out rates below 10%
  - at least 40% of 30-34 year-olds completing third level education
- Poverty /social exclusion –
  - The number of Europeans living in or at risk of poverty and social exclusion should be reduced by 20 million (this target is based on a combination of three indicators<sup>2</sup> - people are counted if they come under any of the three)

The targets are intended to be representative of the three priorities underlying the Strategy (rather than exhaustive of them), and to be interrelated. So, it is recognised, for example, that better educational levels help employability, which in turn will help to reduce poverty. Targets were to be translated into national targets to reflect the current situation of each Member State (European Commission, 2010).

Seven **flagship initiatives** were proposed to underpin the priorities with actions at European and national levels. These are 'Innovation Union', 'Youth on the Move,' 'A Digital Agenda for

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<sup>2</sup> This 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. Persons are only counted once even if they are present in several sub-indicators. At risk-of-poverty are persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers). Material deprivation covers indicators relating to economic strain and durables. Severely materially deprived persons have living conditions severely constrained by a lack of resources, they experience at least 4 out of 9 following deprivations items: cannot afford i) to pay rent or utility bills, ii) keep home adequately warm, iii) face unexpected expenses, iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home, vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone. People living in households with very low work intensity are those aged 0-59 living in households where the adults (aged 18-59) work less than 20% of their total work potential during the past year. (Eurostat, 2014, t2020\_50)

Europe’, ‘Resource Efficient Europe,’ ‘An Industrial Policy for the Globalisation era,’ ‘An Agenda for New Skills and Jobs,’ and ‘European Platform against Poverty’.

Amongst the flagship initiatives, the European Platform against Poverty (EPAP) is of particular importance in the context of this report, with its recognition that the vulnerable in our societies have borne much of the impact of the economic crisis, and

- that fighting poverty requires a response that cuts across all policy domains and that is mainstreamed into all policy development
- of the need for greater and more effective use of the EU Funds to support social inclusion (European Commission, 2010a, p. 5,6).

### Integrated Guidelines

Ten **integrated Guidelines** for implementing the Europe 2020 Strategy were adopted by the Council in October 2010. They include four guidelines relating to employment policies - although one focuses on social inclusion and poverty (Guideline 10). See **Table 1**.

The Guidelines aim to provide guidance to Member States in defining their National Reform Programmes (see below) and in implementing reforms. Guideline 10 underlines the importance of labour market participation for those furthest away from the labour market and of preventing in-work poverty, as well as the role of pensions, healthcare, and public services in maintaining social cohesion.

**TABLE 1 INTEGRATED GUIDELINES: EMPLOYMENT (INCLUDING SOCIAL INCLUSION AND COMBATING POVERTY)**

Extract from Integrated Guidelines for Europe 2020	
<b>Guideline 7</b>	<b>Increasing labour market participation of women and men, reducing structural unemployment and promoting job quality</b>
<b>Guideline 8</b>	<b>Developing a skilled workforce responding to labour market needs and promoting lifelong learning</b>
<b>Guideline 9</b>	<b>Improving the quality and performance of education and training systems at all levels and increasing participation in tertiary or equivalent education</b>
<b>Guideline 10</b>	<b>Promoting social inclusion and combating poverty</b>

**SOURCE: EU COUNCIL OF MINISTERS, 2010**

### Headline Targets

- Raise the employment rate of the population aged 20-64 from the current 69% to at least 75%.
- Achieve the target of investing 3% of GDP in R&D in particular by improving the conditions for R&D investment by the private sector, and develop a new indicator to track innovation.
- Reduce greenhouse gas emissions by at least 20% compared to 1990 levels or by 30% if the conditions are right, increase the share of renewable energy in our final energy consumption to 20%, and achieve a 20% increase in energy efficiency.
- Reduce the share of early school leavers to 10% from the current 15% and increase the share of the population aged 30-34 having completed tertiary education from 31% to at least 40%.
- The number of Europeans living in or at risk of poverty and social exclusion should be reduced by 20 million

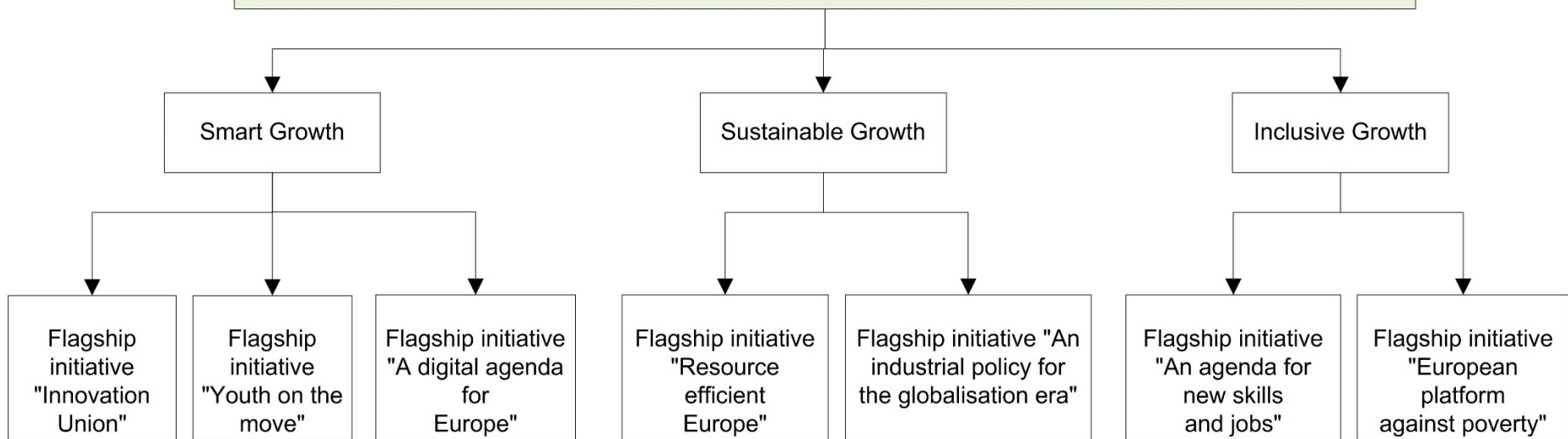


FIGURE 1 EUROPE 2020 STRATEGY FRAMEWORK

## **Monitoring and the European Semester**

In order to monitor progress towards the achievement of its targets, the Europe 2020 Strategy envisaged country reporting in the form of National Reform Programmes. These are intended to help Member States to develop strategies for sustainable growth and sustainable public finances and to track progress toward targets. The Europe 2020 Strategy envisages a partnership approach to the elaboration of National Reform Programmes and to the implementation of the Strategy – one that includes EU Committees, national parliaments, regional and local authorities as well as social partners and stakeholders in civil society (European Commission, 2010).

In light of the Europe 2020 Strategy, the Social Protection Committee examined the pre-existing Social Open Method of Coordination (OMC)<sup>3</sup>, concluding that OMC (across its three strands of social inclusion, pensions, health care and long-term care) would be essential to assessing the social dimension of the 2020 Strategy.

It was recommended that, at the same time as reporting under their National Reform Programmes, Member States would annually be invited to report on progress in National Social Reports from 2012.

A key feature of governance relative to the Europe 2020 strategy was the introduction of a new annual reporting cycle, the ‘European semester,’ which commenced in January 2011. One of the aims of the new framework is to align the way the EU’s Stability and Growth Pact is implemented with coordination of the 2020 Strategy.

In 2014, a consultation process on the Europe 2020 Strategy commenced toward development of the strategy for the 2015-2020 period, and the Commission issued a communication designed to take stock of progress to date (European Commission 2014b). This is intended to inform a mid-term review of the Europe 2020 Strategy in 2015.

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<sup>3</sup> The ‘OMC’ or Open Method of Coordination was initiated by the 2000 Lisbon Strategy, and was succeeded by the development of social indicators agreed in Laeken in 2001 (and consequently often called the Laeken process) and subsequently developed and refined on an ongoing basis. It involves a peer review process developed to assist policy learning. The OMC process includes agreement on common objectives, commonly defined social indicators, development and peer reviewing of national strategic reports along with recommendations for policy change (Walker, 2011).

## The European Semester

The European Commission operates a yearly cycle of economic policy coordination called the European Semester. Each year the European Commission recommends for the next 12-18 months to member states. The European semester starts when the Commission adopts its Annual Growth Survey, usually towards the end of the year, stating priorities for the coming year

**November:** Annual Growth Survey and Alert Mechanism Report

**March:** EU Heads of State and Government issue guidance for national policies on the basis of the Annual Growth Survey.

**April:** Member States submit their plans for public finances (Stability or Convergence Programmes) and their National Reform Programmes with reforms and measures to make progress towards smart, sustainable and inclusive growth, in areas such as employment, research, innovation, energy or social inclusion.

**May/June:** the Commission assesses these programmes and provides country-specific recommendations. The Council discusses and the European Council endorses the recommendations. However, there are no separate country-specific recommendations for countries implementing an Economic Adjustment Programme (as Ireland was until end 2013) beyond implementation of the Programmes.

**June/July:** the Council formally adopts the country-specific recommendations.

**October (Euro Area):** Submission of Draft Annual Budgets to the Commission for its opinion.

Where recommendations are not acted on within the given time-frame, policy warnings can be issued. There is also an option for enforcement through incentives and sanctions in the case of excessive macroeconomic and budgetary imbalances.

## Annual Growth Survey

The Annual Growth Survey for 2015 adopts the following three main pillars for the EU's economic and social policy:

1. A coordinated boost to investment: Proposing an investment plan which should mobilise at least €315 billion over the period 2015-2017
2. Renewed commitment to structural reform
3. Pursuing fiscal responsibility Member States are to secure long term control over deficit and debt levels but policies are to be differentiated depending on the situation of each country – with some encouraged to take measures to encourage domestic demand with a particular emphasis on investment.

The Annual Growth Survey also recognises that in many Member States, there is a need for greater involvement of national parliaments, social partners and civil society in the implementation of policies at EU and national levels (European Commission, 2014c).

The year 2014 was the first year of implementation of a new round of structural funds (the European Structural and Investment Funds or ESIF) involving investment of €400billion (European Commission, 2013). The new ESIF is intended to support the goals of the Europe 2020 strategy and to support reforms identified in the EU country-specific recommendations.

## Irish National Reform Programme - Targets

The Irish Government submitted a National Reform Programme in 2011 and again in 2014 and submitted shorter Up-dates in 2012 and 2013. A National Social Report was also submitted in 2014 (April). The following are the Europe 2020 Strategy targets for employment, education and poverty reduction as well as the Irish targets set out in the 2014 Irish National Reform Programme:

### Employment

**EU Headline Target:** To raise to 75% 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.

**Irish Target:** 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 to review the target level of ambition in 2014, in the context of a proposed mid-term review of the Europe 2020 Strategy.

### Education

**EU Headline Target:** Improving education levels, in particular by aiming to reduce school drop-out rates to less than 10% and by increasing the share of 30-34 years old having completed tertiary or equivalent education to at least 40%.

**Irish Target:** To reduce the percentage of 18-24 year olds with at most lower secondary education and not in further education and training to 8%; to increase the share of 30-34 year olds who have completed tertiary or equivalent education to at least 60%

### Poverty

**EU Headline Target:** To promote social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people out of the risk of poverty and exclusion

**Irish Target:** To reduce the number experiencing consistent poverty to 4% by 2016 (interim target) and to 2% less by 2020, from the 2010 baseline rate of 6.3%<sup>4</sup>. The Irish contribution to the Europe 2010 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) (Revised target<sup>5</sup>).

**Sub-target, Children:** A sub-target for child poverty has been set in the National Policy Framework for Children and Young People (2014-2020):

- To lift over 70,000 children out of consistent poverty by 2020 (a reduction of at least two-thirds on the 2011 level)

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<sup>4</sup> This is based on a slightly revised figure released by the CSO in 2011

<sup>5</sup> In 2012, the target in respect of poverty contained in Ireland's National Reform Programme Update was revised. Previously it targeted a consistent poverty rate of between 2-4% by 2012, the elimination of consistent poverty by 2016, and at least 186,000 people lifted out of the risk of poverty and exclusion.

- This target will include reducing the higher consistent poverty rate for households with children as compared to non-child households (8.8% compared with 4.2%) and for children as compared to adults (9.3% compared with 6%).

While recognising the interdependence of economic, environmental and social sustainability, it is not within the intended scope of this report to address all components of the Europe 2020 Strategy targets or the Irish National Reform Programme. Each of the above targets will be considered in the next three Chapters of this Report, which will focus on employment, education and poverty, respectively. The issue of governance will be considered in the fifth Chapter.



## 2. Employment

*EU Headline Target: The employment rate of the population aged 20-64 should increase from the current 69% to at least 75%, including through the greater involvement of women, older workers and the better integration of migrants in the work force (European Commission, 2010).*

*Ireland Headline Target: 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 to review the target level of ambition in 2014, in the context of a proposed mid-term review of the Europe 2020 Strategy (Government of Ireland, 2014).*

### European Context

Under its 'inclusive growth' priority, the Europe 2020 Strategy envisages a high-employment economy delivering economic, social and territorial cohesion. Challenges identified in this context include high unemployment, low skills, those working who do not earn enough to get out of poverty (that is, the 'working poor'). The Strategy referenced the following facts about Europe (based on the data available when the Strategy was adopted in 2010):

- Only two-thirds of the working-age population was employed
- About 80 million people had low or basic skills
- 8% of those at work did not earn enough to reach the poverty threshold
- At 21%, the unemployment rate for young people was particularly high
- There was a strong risk that those away from the labour market or those poorly connected with it will lose ground (European Commission 2010, p.17-18)

The need to integrate social and employment policy solutions is recognised especially in light of the fact that so many people with jobs are at risk of poverty (European Commission, 2011a, p. 13). As well as including a major focus on employment, the 2020 Strategy emphasises education, training and lifelong learning (European Commission, 2010).

In its Economic and Social Review for September 2014, the European Commission noted that while employment has continued to grow since mid-2013, that future employment developments remain uncertain: many of the new jobs created are part-time or temporary, unemployment still remains close to historically high levels and long-term unemployment represents a large and growing share of total unemployment (European Commission, 2014). In its 2014 stocktaking communication on progress in relation to the Europe 2020 Strategy, the European Commission has concluded that on the basis of the slight increases in the employment rate expected over the coming years, the Europe 2020 target would not be met and the employment rate would reach 71.8% in 2020. The EU would need to have around 16 million

additional people in employment to meet the target by 2020 (European Commission 2014b, Annex 2).

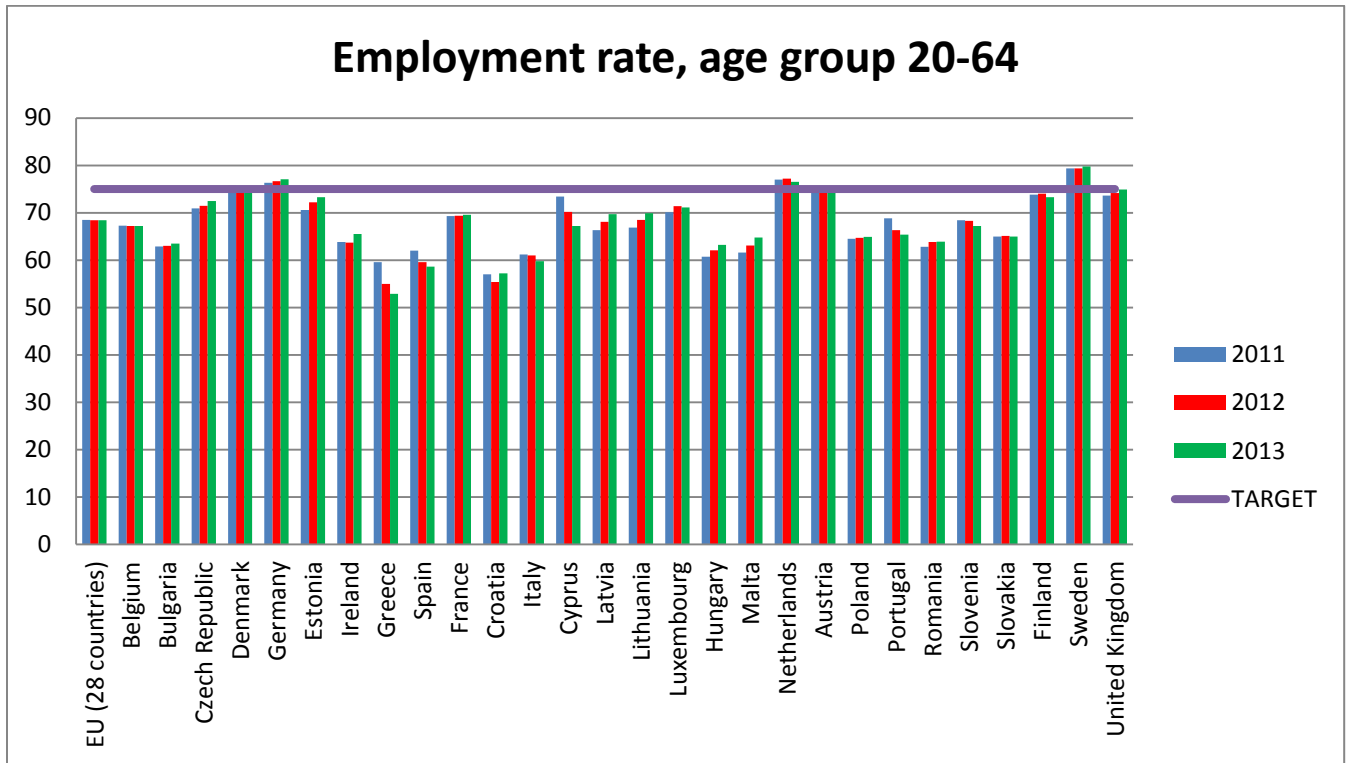
Youth unemployment is recognised in the Europe 2020 strategy as a particular challenge. At 21.6%, in August 2014, the EU unemployment rate for those aged 15 to 24 was more than twice the overall unemployment rate in the EU. The employment rate of young people nevertheless declined from 37% in 2008 to 32% in the first quarter of 2014, but more than 40% of young employees were on a temporary contract and nearly a quarter of young people work part-time, up from less than 20% in 2008. The Commission notes that the decline in employment cannot be explained by more young people going into education, as the rate of young people not in education, employment or training (NEET) increased from 11% in 2008 to nearly 13% in 2010-2014 (European Commission 2014).

**Figure 2** below shows the position of EU States for 2011 to 2013 relative to the high-level employment target (75%) set out in the Europe 2020 Strategy for people aged 20-64<sup>6</sup>. The European average rate of employment is below the target set and stood at 68.4 per cent in 2013 (EU28). Ireland's employment rate for this age group rate dropped from 2007 (when it had been 73.8 per cent), stood at 63.7 per cent in 2012, but has increased to 65.5 per cent in 2013. It is below the European average and is approximately 9.5 percentage points lower than the Europe 2020 Strategy target.

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<sup>6</sup> The employment rate is calculated by dividing the number of persons aged 20 to 64 in employment by the total population of the same age group. The indicator is based on the EU Labour Force Survey. The survey covers the entire population living in private households and excludes those in collective households such as boarding houses, halls of residence and hospitals. Employed population consists of those persons who during the reference week did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent. (Eurostat, 2014 t2020\_10).

FIGURE 2 EU 28: EMPLOYMENT RATE SHOWING EUROPE 2020 STRATEGY TARGET



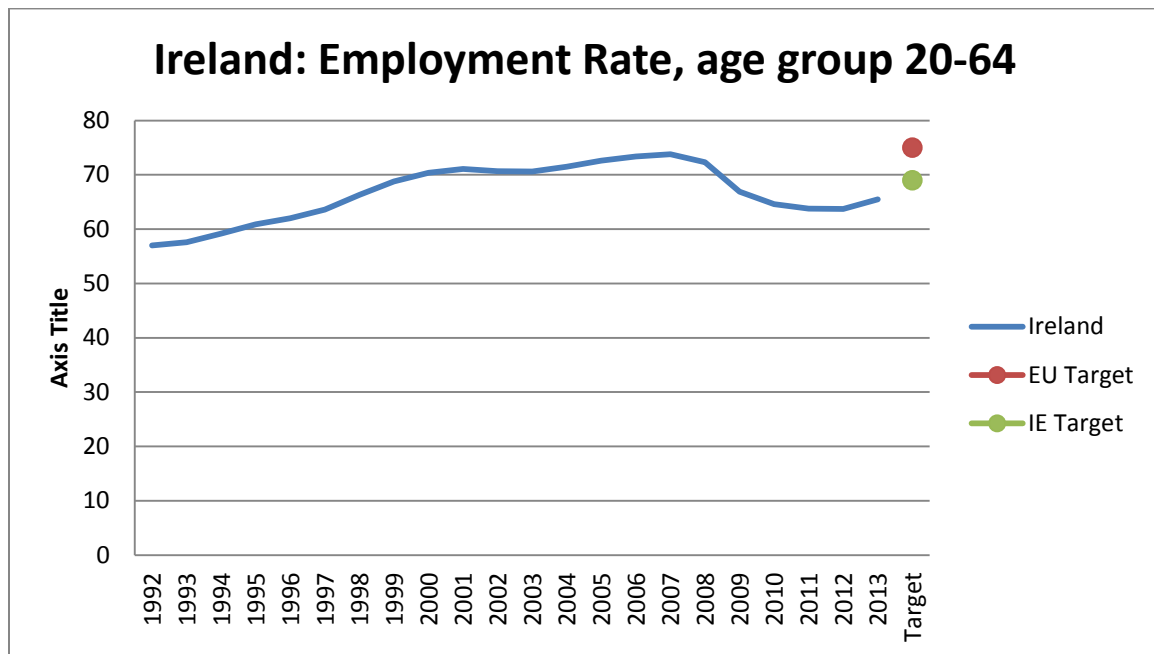
Source: Eurostat, 2014 t2020\_10

### Ireland: Employment and Unemployment

Since 2008 Ireland has seen a return to widespread unemployment with serious consequences not only for the exchequer but also for individuals, families and the social fabric. **Figure 3** below shows Ireland’s employment rate for those aged 20-64 from 1992 to 2013.

It illustrates that, after increasing for many years, there was a steady drop in the employment rate from 2007 to 2012. Recently there has been a welcome improvement in the rate, which stood at 65.5 per cent in 2013.

**Figure 3** Ireland: Employment, 1992-2012, age 20-64, with Targets



**Source:** Eurostat, 2014, t2020\_10

A consequence of job losses in recent years has been a sharp increase in unemployment and emigration. As regards unemployment, the monthly average figure for Ireland for October 2014 was 10.9 per cent. The rate is down from a rate of 12.1 per cent in December 2013 (Eurostat, 2014, *une\_rt\_m*) (based on the monthly average rate). At the end of September 2014, Ireland’s monthly average rate was exceeded only by eight EU countries – Bulgaria, Italy, Slovakia, Portugal, Cyprus, Croatia, Spain and Greece (of the 26 countries for which rates were available as this report was prepared) 2013 (Eurostat, 2014, *une\_rt\_m*).

In **Table 2** we set out labour force data 2007, 2010 and 2013 and with selected data to Q3, 2014. The unemployment rate at end of 2013 was 7.2 per cent representing 253,200 people. Those long-term unemployed numbered 155,500 people.

Over the seven years from 2007-2013 the labour force decreased by just over 4 per cent, participation rates dropped, full-time employment fell by almost 18 per cent, representing some 312,000 jobs, while part-time employment increased by almost 17 per cent. By the end of 2013 the number of underemployed people, defined as those employed part-time but wishing to work additional hours, had increased to 143,300 people – almost 7 per cent of the labour force. Over this period unemployment increased by over 150,000 people, bringing the unemployment rate up from 4.6 per cent to 11.7 per cent. Overall, employment fell 11.4 per cent between 2007 and 2013.

**TABLE 2 IRELAND LABOUR FORCE DATA, 2007-2014**

<b>Labour Force Data, 2007 – Q4, 2013 and data for Q3, 2014</b>					
	<b>2007 (Q4)</b>	<b>2010 (Q4)</b>	<b>2013 (Q4)</b>	<b>Change 07- 13</b>	<b>2014 (Q 3)</b>
<b>Employment</b>					
Labour Force	2,260,600	2,168,200	2,163,100	-4.3%	2,172,400
LFPR %	63.8	60.2	60.1	-3.7%	60.4%
Employment %	68.8	59.0	61.4	-7.4%	62.2%
Employment (people)	2,156,000	1,857,300	1,909,800	-11.4%	1,926,900
Full-time	1,765,300	1,422,800	1,453,000	-17.7%	1,474,700
Part-time	390,700	434,400	456,800	+16.9%	452,200
Underemployed	n/a	116,800	143,300	-	124,300
<b>Unemployment</b>					
Unemployed %	4.6%	14.3%	11.7%	+7.1%	11.3%
Unemployed (people)	104,600	310,900	253,200	+142.1%	245,500
LT Unemployed %	1.4%	7.9%	7.2%	+5.8%	6.4%
LT Unemployed (people)	31,700	172,100	155,500	+390.5%	139,200

**Source:** Healy et al, 2014, CSO, 2014a, QNHS on-line database.

**Notes:**

Data 2007-2013 is for quarter 4 of the reference year; Data for 2014 is to quarter 3.

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

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

Comparable underemployment data is not available for 2007.

LT = Long Term (12 months or more).

There have been some welcome developments over the past year as there was an annual increase in employment of 1.5 per cent or 27,700 people in the year to the third quarter of 2014, bringing total employment to 1,926,900 (CSO 2014b). The increase in total employment of 27,700 in the year to Q3 2014 represents an increase in full-time employment of 26,100 (+1.8%) and an increase in part-time employment of 1,500 (+0.3%) (CSO 2014b). There were also decreases in unemployment and in long-term unemployment to quarter 3, 2014. In quarter 3, 2014, long-term unemployment still accounted for 56.7 per cent of total unemployment. And there had been a decrease of 9,700 people (-0.4%) in the labour force over the year to quarter 3, 2014 – something that the CSO attributes partly to a decline in the younger age groups (ages 20-24 and 25-34) due to emigration (CSO Quarterly National Household Survey, Q3,2014).

However, the figures in **Table 2** above also highlight the longer term picture, showing the growth of various forms of precarious work over recent years. Between 2007 and end 2013, employment has fallen by 11 per cent; but there has been an even bigger decline in full-time unemployment (-18 per cent) and at the same time a growth in part-time employment (+17 per cent). Amongst those part-time employed, there has also been an increase in the numbers of people who are underemployed - that is, working part-time but working fewer hours than individuals are willing to work. By the end of 2013 the numbers underemployed stood at 143,300 people, about seven per cent of the total labour force and almost one-third of all part-time workers.

While an element of these figures can be explained by the recession, they also suggest the emergence of a trend for greater number of workers to be in precarious employment situations. Recent findings from the OECD (see 'Working Poor,' p.29 below) suggest that Ireland has one of the worst incidences of low pay amongst OECD member countries (OECD 2014). These issues impact on the well-being of individuals and their families, and on their financial situation. There are also impacts on the state, given that Family Income Supplement (FIS) and the structure of jobseeker payments tends to lead to Government subsidising these family incomes; and indirectly subsidising some employers who create persistent precarious work patterns for their workers.

**TABLE 3 UNEMPLOYMENT - HEADLINE STATISTICS 2013 AND Q3, 2014**

<b>Unemployment : Headline Figures</b>	<b>Q 4 2013</b>	<b>Q3 2014</b>
<b>Q3, 2013 and Q3, 2014</b>		
Unemployment rate (people aged 15 or over)	11.7%	11.3%
	253,200 people	245,500 people
Employment Rate (people aged 15-64)	61.4%	62.2%
Long-term Unemployment rate (persons unemployed for 1 year or more)	7.2%	6.4%
	155,500 people	139,200 people
		Accounting for 56.7% of total unemployment
Unemployment, Young People (15-24)	24.2%	23.2%

**Source:** CSO QNHS on-line database (Q3, 2014)

The unemployment position in Ireland has to be interpreted in the context of emigration - net outward migration has returned from 2009 (that is, more people are leaving than arriving). The Irish unemployment rate in the absence of emigration has been estimated at around 20 per cent in 2013, not 13.5 per cent as it then stood (Healy, 2013). Some of Ireland's migration involves non-Irish nationals returning to their home countries, but emigration by Irish nationals (particularly young Irish people) has been significant enough to impact on the size of the

population of young nationals (aged 15-24). According to the European Commission, their numbers declined noticeably: (-9 per cent) between 2007 and 2012 (2013d). More people continue to leave than to migrate into Ireland: 29,200 Irish nationals left in the year to April 2014 and net outward migration for the year was 21,400 people (CSO 2014c). In total over 123,000 Irish nationals have emigrated in the years 2009-2014 (CSO 2014c).

When we look at people with disabilities, data from Census 2011 revealed that there were 162,681 persons with a disability in the labour force representing a participation rate of 30 per cent, less than half that for the population in general (CSO 2012). This low rate of employment among people with a disability is of concern. Apart from restricting their participation in society it also ties them into state dependent low-income situations. Therefore, it is not surprising that Ireland's poverty figures reveal that people who are ill or have a disability are part of a group at high risk of poverty.

As the labour market improves, *Social Justice Ireland* believes that now is the time to adopt measures to address and eliminate these problems.

### **Long-Term Unemployment**

The Europe 2020 Strategy recognises that those with least connection to the labour market are especially at risk. In Ireland long-term unemployment is a particular problem. This is at a time when (since 2009) there is an overall decline in the labour force due principally to net migration, which is most heavily concentrated in the age groups 20-24 and 25-34 (CSO, 2014c). As shown in **Tables 2 and 3**, above, the long-term unemployment rate decreased to 6.4% in quarter 3, 2014, representing 139,200 people and still accounting for 56.7% of unemployment.

However, there has been a very rapid growth in the number and rates of long-term unemployment in recent years as highlighted in **Figures 4 and 5**, below. The number of long-term unemployed (that is, for one year or more) was less than 32,000 in 2007 and has increased since, reaching 155,500 at the end of 2013 but, fortunately dropping to 139,200 people toward the end of 2014 (q3, 2014). For the first time on record, the QNHS data for late 2010 indicated that long-term unemployment accounted for more than 50 per cent of the unemployed and by the end of 2013 the long-term unemployed represented just over 60 per cent of the unemployed – and it still (q 3, 2014) represents 57% of unemployment. The transition to these high levels has been rapid since 2007. The experience of the 1980s showed the dangers and long-lasting implications of an unemployment crisis characterised by high long-term unemployment rates. The Interim Report of the Labour Market Council<sup>7</sup> (April 2014) noted that many of those who became unemployed at the height of the jobs crisis in 2009 continue to find it particularly difficult to find employment, noting that nearly 100,000 of those on the live register have been unemployed for three years or more (Department of Education and Skills 2014).

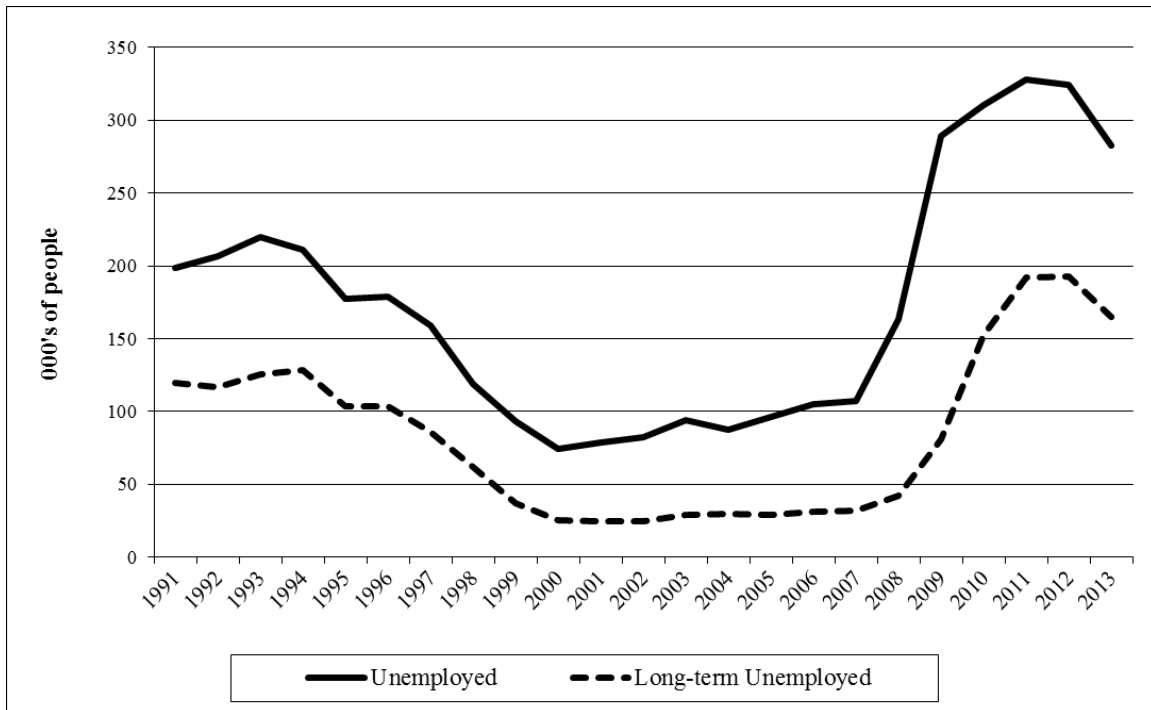
It is clear that reskilling many of the unemployed, in particular those with low education levels, will be a key component of the response. Using the latest data, for 2011, almost 60 per cent of

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<sup>7</sup> A Council of industry and policy experts to advise Government on the implementation of the *Pathways to Work* strategy, which held its inaugural meeting in September 2013

the unemployed had no more than second level education with 30 per cent not having completed more than lower secondary (equivalent to the junior certificate) (CSO 2011). At the other extreme, the scale and severity of the recession has resulted in high levels of third-level graduates becoming unemployed.<sup>8</sup>

**FIGURE 4 UNEMPLOYMENT AND LONG-TERM UNEMPLOYMENT, 1991-2013**



**Source:** Healy *et al*, 2014, CSO, Labour Force Survey and QNHS various editions

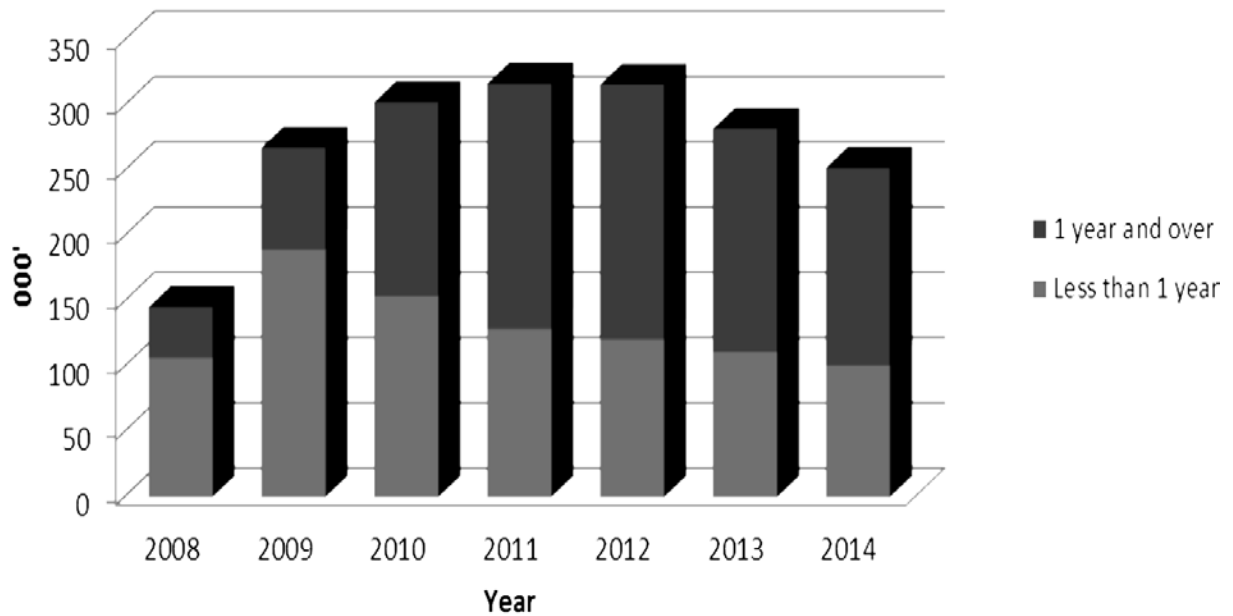
The live register data offers a useful insight into the skills and experience of those signing on<sup>9</sup> as it shows the number of people signing on by their last occupation. As of November 2014, the largest categories of occupation represented are categorised as ‘Craft and related’ and ‘Plant and Machine Operatives’ (CSO Live Register on-line database). The figures highlight the need for targeted reskilling of people who hold skills in sectors of the economy that are unlikely to ever return to the employment levels of the early part of the last decade.

<sup>8</sup> The CSO has not updated their profile of unemployment by completed education level since this.

<sup>9</sup> While the live register is not an accurate measure of unemployment, it is a useful barometer of the nature and pace of change in employment and unemployment.



FIGURE 5 UNEMPLOYMENT BY DURATION 2008-2014



Source: *Pathways to Work 2015*

In its economic review of Ireland in spring 2014, the European Commission noted that Ireland's reform of its further education and training programmes are at an early stage, though this reform is considered critical for a sustained reduction in unemployment, especially long-term unemployment (European Commission 2014a).

The longer people spend unemployed is directly related to their likelihood of re-entering paid employment. For example, it has been noted that recipients of benefits for less than a year have a 60% higher chance of leaving unemployment than those recipients of between one and two years (European Commission, 2012, p. 41).

*Social Justice Ireland* believes that it remains a major policy failure that Ireland's level of long-term unemployment has been allowed to increase so rapidly in recent years. Furthermore, it is of serious concern that to date Government policy has given limited attention to the issue.

While Government should not ignore any group in its attempts to address the unemployment crisis, major emphasis should be placed on those who are most likely to become trapped in long term unemployment – in particular those with the lowest education levels.

Previous experience, in Ireland and elsewhere, has shown that many of those under 25 and many of those over 55 find it challenging to return to employment after a period of unemployment. This highlights the danger of the large increases in long-term unemployment and suggests a major commitment to retraining and re-skilling will be required. In the long-run Irish society cannot afford a return to the long-term unemployment problems of the 1980s.

*Social Justice Ireland* believes that this issue requires immediate and appropriate action. A specific sub-target on reducing long-term unemployment should be included in the National Reform Programme to ensure this issue receives the priority it demands.

## **The Working Poor**

The Europe 2020 Strategy recognises that large numbers of people who work nonetheless do not earn enough to get out of poverty and they represent just under 9% of Europeans (EU28) who worked in 2013 (Eurostat, 2014, **ilc\_iw01**). The EU Social Protection committee has referenced the need to address this by ensuring living wages for those at work, and, amongst other things, by addressing low pay and under-employment (The Social Protection Committee, 2011b, p.25).

Data for 2012 relative to Ireland (the latest available) reports an in-work risk of poverty of 5.4 per cent (marginally up from 2011 when the rate was 5.3 percent) (Eurostat, 2014, **ilc\_iw01** – and note this is a statistic generated by Eurostat so comparable across Europe).

In numerical terms, the working poor amounted to 103,942 people in 2011 up from 90,390 people in 2010) (Healy *et al*, 2014, calculated from CSO SILC Reports) – thus they represent a very large number of people.

In 2014, OECD published data suggesting that amongst the 34 countries that are members of the OECD, Ireland has a very high incidence of low pay<sup>10</sup> (relating to 2012) (OECD 2014). In fact, Ireland had the highest incidence of low pay amongst those European countries that are members of the OECD. Indeed, amongst the wider group of OECD member countries, Ireland's rate was exceeded only by the United States, Korea and Israel (OECD 2014, Table N).

It is important that policy begin to address this problem, particularly given the large numbers of people affected. One of the most effective mechanisms available within the present system to address the problem of the working poor would be to make tax credits refundable, something on which *Social Justice Ireland* has published research. Its 2010 study, entitled *Building a Fairer Taxation System: the Working Poor and the Cost of Refundable Tax Credits*, showed that making tax credits refundable is feasible at relatively small cost. Such a move would have a very positive impact on those who are the working poor. We include a brief outline of the proposal in **Chapter 4**.

We strongly urge that a specific sub-target should be developed to address the issue of the working poor and incorporated in Ireland's National Reform Programme.

## **Youth Unemployment**

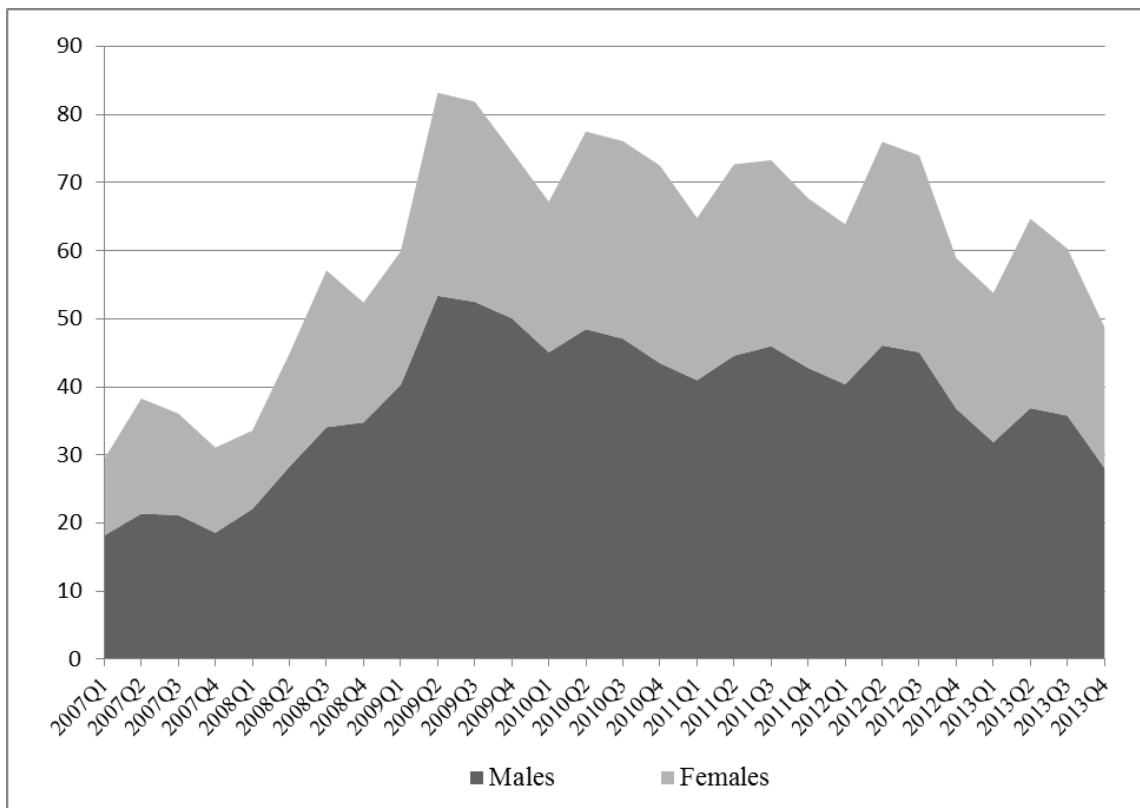
The unemployment rate for 15-24 year olds (youth unemployment rate) decreased to 23.2 per cent in Q3 2014 (CSO 2014e). It had been 26.5 per cent in Q3 2013. The outward migration rate continues to contribute to the reduction in the numbers of this age group who are unemployed: CSO data suggests the figure for net migration to April 2014 was 21,400 of which 17,600 were aged 15-25 and a further 4,600 were aged 25-44 (CSO 2014c). Such high levels of emigration amount to a 'brain drain' that will have long-term negative impacts for Ireland in terms of loss of highly skilled and educated young people from the labour market.

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<sup>10</sup> The incidence of low pay refers to the share of workers earning less than two-thirds of median earnings (OECD 2014)

While the increase in unemployment has been spread across people of all ages and sectors **Figure 6** highlights the very rapid increase in the numbers of unemployed people aged less than 25 years. The numbers in this group more than doubled between 2007 and 2009 peaking at 83,100 in quarter 2 2009. Since then decreases have occurred, reaching nearly 49,000 in late 2013 and standing 48,400 in quarter 3, 2014. (QNHS online database: ILO participation employment and unemployment characteristics). A large part of the decrease can probably be attributed to emigration.

**FIGURE 6 YOUTH UNEMPLOYMENT IN IRELAND BY GENDER, 2007-2013**



**Source:** Healy *et al*, 2014. CSO 2014a, QNHS on-line database.

Although youth unemployment represents about one-fifth of the total population that are unemployed, it merits particular attention. Experiences of unemployment, and in particular long-term unemployment, alongside an inability to access any work, training or education, tend to leave ‘a scarring effect’ on young people. It increases the challenges associated with getting them active in the labour market at any stage in the future and may have long-term effects on their lives. The Government’s National Reform Programme for 2014 noted that about 40% of young unemployed people are out of work for more than one year.

The latest data on the number of young people aged 18-24 years in Ireland who are not in education, employment or training (NEETs) is 20.5 per cent (2013) (Eurostat, 2014, **edat\_ifse\_20**). This compares with an EU28 average of 17 per cent. Thus Ireland’s rate is relatively high notwithstanding the extent of outward migration that has affected this age

group. In 2013, the Irish rate was exceeded only by Romania, Spain, Bulgaria, Croatia, Cyprus, Greece and Italy (out of EU-28 countries).

As seen above, the Irish Government's National Reform Programme, 2020 target for employment is projected to be achieved through the greater participation in the labour market of young people (and some other groups). The large numbers affected by youth unemployment deserves specific action, and *Social Justice Ireland* has for some time recommended a specific policy response, which will need to have a number of different elements in it. In particular, these should include education and literacy initiatives as well as retraining schemes.

At a European level, the 'Youth Guarantee' scheme aims to address the issue of youth unemployment. The aim of the EU-wide Guarantee is to provide young people (under 25) with a good quality offer of employment, continued education, an apprenticeship /traineeship within a short time of becoming unemployed. A Youth Guarantee scheme was launched in Ireland at the end of January 2014, and 28,350 places in schemes were to be targeted at under 25s with a high risk of being long-term unemployed in 2014 (Department of Education & Skills, 2014). An announcement in November 2014 suggests that 16,400 places have been taken up at the end of October 2014 (Department of Social Protection 2014).

The launch of the Youth Guarantee scheme in early 2014 is Government's first targeted response to this situation since the crisis started in 2008 and as such it is to be welcomed. *Social Justice Ireland* has already called for greater clarity as to how much of the package comes from existing provision and how much represents new places and resources. In April 2014, the Labour Market Council recommended the implementation of the Youth Guarantee Plan with a focus on those who are long-term unemployed (Department of Education and Skills 2014a). *Social Justice Ireland* similarly calls for implementation with such a focus.

## **Irish Government Initiatives**

Government action to address this issue is focused on two main strategies – *Action Plan for Jobs* (with annual iterations) and *Pathways to Work*, launched in 2012 and introducing a new integrated employment and support services involving the transformation of local social welfare offices into new 'one-stop-shops' (Intreo) intended to deal both with accessing benefits and obtaining support to return to work. Not all the proposed Intreo offices have yet been introduced<sup>11</sup>. The 2014 National Reform Programme describes this attempted transformation as 'a major undertaking' (Government of Ireland 2014, p.24). In light of the persistent high levels of long-term and youth unemployment, the Government appointed Labour Market Council has called for the same priority to be given to the exceptionally high scale of unemployment as was given to the adjustment in the public finances (Department of Education and Skills 2014a). The Council also called for the setting of a more ambitious target of moving 30,000 people out of long-term unemployment (as opposed to the Government target set for 2014 of 22,500: Government of Ireland 2014; Department of Education and Skills 2014a). Subsequently,

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<sup>11</sup> As updated on 16 December 2014, the Dept of Social Protection web site suggests that 45 offices have been established, although the Interim Report of the Labour Market Council (April 2014) and the latest iteration of Pathways to Work (2015) indicated that the full complement of 60 offices would be established by end 2014.

Government confirmed the target for 2014 at the lower figure of 22,500 for 2014 and targeted moving only 15,000 people out of long-term unemployment for 2015 (*Pathways to Work* 2015).

The first *Action Plan for Jobs* (2012) set out a range of initiatives to be delivered by Government Departments and State agencies. It aimed to have 100,000<sup>12</sup> more people at work by 2016, and 2 million people in work by 2020, which it is intended will result in an employment rate of 67.6% by 2015, and 70.1% by 2020, which is intended to come within Ireland's individual Headline Target (69%-71%) under the Europe 2020 Strategy (Government of Ireland, 2012; 2012a). The latest Action Plan for Jobs (2014) acknowledges that achieving these targets will be 'extremely challenging' despite recent improvements in employment (Government of Ireland, 2014a, p 13).

Like its predecessors, the *Action Plan for Jobs, 2014*, has a strong emphasis on supporting business and promoting entrepreneurship with key themes being: competitiveness, entrepreneurship, 'winning abroad' (increasing investments and FDI), supporting the domestic economy and improving the uptake of supports available to business. It also contains actions intended to target groups experiencing disadvantage such as disabled people, for example, in respect of whom an Employment Strategy is being prepared. There is also a reference to one-to-one support for some 14,000 people distanced from the labour market through the Local Community Development Programme.

However, both the *Action Plan for Jobs* (2014) and the National Reform Programme could focus more on groups affected by long-term unemployment or those at risk of long-term unemployment such as people with low skills or education levels (i.e. unemployed people who do not have a Leaving Certificate qualification or equivalent), people who are on the Live Register for long periods (over one year), people aged under 35, and people who were previously employed in sectors most affected by restructuring (these groups were identified in a previous National Reform Programme: Government of Ireland, 2011).

The Labour Market Council has noted that *Pathways to Work* has resulted in improvements in services to jobseekers in a relatively short period of time, but also notes that

- the Pathways to Work caseworker/client ratio is high by international standards (as already noted by international bodies like the EU and OECD),
- that support and training services are still fragmented and not as effective and efficient as they could be, and
- that robust evaluation is lacking and needs to be developed if the effectiveness of the range of initiatives and programmes aimed at helping unemployed people get back to work (Department of Education and Skills, 2014a).

The National Reform Programme, 2014, references the JobPath initiative, which is the Government's new labour market activation service aimed specifically at the long-term unemployed and those most at risk of becoming long-term unemployed, which is yet to be rolled out. JobPath is to be delivered by private/third party providers of employment services under contract to the Department of Social Protection. Budget 2015 provided for 6,000 places on this scheme. But the introduction of this scheme is considered a complex

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<sup>12</sup> To be made up of 20,000 jobs in manufacturing, 30,000 in internationally traded services and 50,000 in spin offs (Government of Ireland, 2012a, p.14)

process (involving as it does services by the private sector intended to complement, not replace, existing services by Intreo, Local Employment Service and Job Clubs) and its introduction to a tight timeline is considered to involve risks including risks of service fragmentation, risks of incentivising non-government providers to focus activity towards the easiest to place ('creaming'), and industrial relations issues which have already arisen (Department of Education and Skills 2014a). *Social Justice Ireland* believes that these and other risks identified by the Labour Market Council must be addressed in the implementation of JobPath and in particular that it must be 'user centred' and perceived by unemployed people as focused on helping them find sustainable employment.

Budget 2015 provided for a significant investment in work and training through *Pathways to Work*, which *Social Justice Ireland* welcomed while querying if the allocation is sufficient (Social Justice Ireland 2014). *Social Justice Ireland* has also raised concerns that the 6,000 JobPlus places could cost between €45 and €60million over two years paid to private employers while supporting just 4 percent of the existing long-term unemployed (Social Justice Ireland 2014).

There were 83,534 people availing of activation programmes in October 2014, which is a decrease of 1,104 (-1.3%) from the previous year, when there were 84,638 people in activation programmes (CSO 2014d). There has also been a notable increase in the numbers of recipients being placed on 'penalty' rates of payment which are applied when someone in receipt of a welfare payment does not cooperate with employment services (Pathways to Work 2015).

In its final review of Ireland's performance under the Economic Adjustment Programme, the European Commission's view was that capacity to deliver activation measures remained 'short of requirements' with the critical issue being how to implement the mechanisms in place and deliver services universally including to the long-term unemployed (2013b). They concluded that more work was needed to improve delivery and relevance of programmes, address the needs of the long-term unemployed and tackle skills mismatches. The European Commission also noted that the impact of the *Action Plan for Jobs* is unknown or difficult to measure (2013c; 2014a). The OECD noted in 2013 that although multiple steps were being taken to address unemployment, then current plans left the long-term unemployed without appropriate activation and support (OECD, 2013a). In its economic review of Ireland in Spring 2014, the European Commission noted how critical Ireland's reform of its further education and training programmes are for a sustained reduction in unemployment, especially long-term unemployment and yet that the changes in this sector are lagging behind those in the area of labour market policies (European Commission 2014a).

### ***Social Justice Ireland* – Response**

As just described, Government has introduced a number of measures to address the issue of unemployment and an increased focus on long-term unemployed people in some of these recent measures is to be welcomed. *Social Justice Ireland* has recently called for substantial new measures to address long-term unemployment including programmes aimed at retraining and re-skilling those at highest risk (2014a). Each of the Government measures already introduced has targeted small reforms and appears to have had limited success given the scale of the unemployment crisis – for the most part skills deficits, under-employment and precarious work issues have been given limited attention and the long-term unemployment situation has

received insufficient attention. The number of people availing of Activation Programmes -83,534 people in October 2014 (CSO 2014d)– is still low relative to the numbers unemployed (245,500 people, Q3, 2014).

*Social Justice Ireland* also believes that it is highly unlikely that sufficient market-based jobs will adequately address unemployment in Ireland. The reality is that unemployment is at a very high level with long-term unemployment still accounting for 57 per cent of people experiencing unemployment, which, *Social Justice Ireland* believes, requires radical action based on a strategic analysis of labour-market needs and skills supply. Even the most optimistic economic and labour market projections for the years to come suggest that unemployment will remain a major factor. A recent report from the Irish National Economic and Social Council (NESC) (NESC, 2014) has shown that people who are distanced from the workplace or those in households with Very Low Work Intensity in Ireland – now a quarter of Irish households with a high risk of poverty - are more likely to have no educational qualifications, to be single or parenting alone or to have a disability or to live with someone who has. Children constitute nearly a third of those in such households. As the report concludes, these issues will not be resolved through activation measures alone but must also include services addressing adult literacy, child development, family supports, addiction services, disability services, housing, education and training, public employment, community employment, and so on. As recovery emerges, it is important that policy focuses on those furthest from being able to re-join the numbers employed and assist those within employment but struggling - the working poor.

A number of measures are needed, and some groups and issues, such as young people and those long-term unemployed as well as people with disabilities and asylum seekers, need a particular approach. As far as people with disabilities are concerned, *Social Justice Ireland* believes that further efforts should be made to reduce the impediments they face in obtaining employment. People with disabilities who are looking for employment must be able to access mainstream activation initiatives such as Intreo and the Youth Guarantee. The decision to develop an employment strategy for people with disabilities is welcome. It is important that this strategy address structural inequalities that lead to the exclusion of disabled people and consideration should be given to reforming the current situation in which many such people face losing their benefits, in particular their medical card, when they take up employment. This situation ignores the additional costs faced by people with a disability in pursuing their day-to-day lives. For many people with disabilities, the opportunity to take up employment is denied to them and they are trapped in unemployment, poverty or both.

*Social Justice Ireland* believes that it is important to focus on job creation and on preparing people to be in a position to avail of an economic upturn. The Government's Medium-Term Economic Strategy fails to provide an acceptable guiding vision or a sustainable policy framework for the years ahead. The Government's guiding vision focuses almost exclusively on business and business interests (Government of Ireland, 2013a). *Social Justice Ireland* believes the guiding vision should also envisage an Ireland where everyone would have what they require to live life with dignity and to fulfil their full potential. This would include sufficient income, access to services they need and active inclusion in a genuinely participatory, democratic and sustainable society. At its core the Strategy fails to recognise the essentially complementary nature of economic and social development - two sides of the one reality. The Strategy foresees more than 190,000 people unemployed in 2020 compared to 101,000 in 2007.

The Live Register numbers will be substantially higher than that. Full employment is defined as ‘approximately 5 to 6 per cent’. This is a very worrying re-definition of full employment.

In 2013 *Social Justice Ireland* published a proposal for a significant three-year €7bn investment programme for Ireland called *Investment for Growth, Jobs and Recovery*. Ireland’s current level of investment is the lowest of any EU country. All other countries experiencing crisis in recent years have substantially higher levels of investment. The scale of investment must increase to play a key role in generating much needed growth and employment<sup>13</sup>.

Government needs to adopt a strategy of making large scale job-creation interventions in the labour market. We propose that in addition to its current measures, Government make an intervention that will significantly address the scale of the unemployment problem through a part-time jobs programme. In a series of documents and briefings to Government, political parties and the Oireachtas over recent years, Social Justice Ireland has outlined a proposal for a *Part Time Job Opportunities Programme*. *Social Justice Ireland* estimates that 100,000 positions can be created using this approach – 10,000 places in the Community and Voluntary sector and 90,000 in the public sector. The total net additional cost of 100,000 places would be €150 million: €90m for the places in the public sector, and €60m for the places in the community and voluntary sector. Funding currently being spent on social welfare payments on this programme would be paid to their new employers<sup>14</sup>.

## **Social Justice Ireland Recommendations for the National Reform Programme**

The current National Reform Programme target is to raise the employment rate to 69-71 per cent by 2020. In the opinion of *Social Justice Ireland*, greater efforts are necessary to achieve the national target, and the resources allocated are not sufficient to address the current unemployment problem in Ireland. This risks, in particular, leaving large numbers of long-term unemployed people, and people with low levels of skills and literacy, behind as the economy starts to recover.

*Social Justice Ireland* has argued in this chapter for a number of actions by Government to address the issue of unemployment. These include a recommendation that Government make substantial investments aimed at creating jobs and improving social infrastructure. This should be accompanied by quantified measures of sufficient scale to deal with unemployment, long-term unemployment and youth unemployment. These initiatives should be incorporated into the National Reform Programme with measurable targets for the short-term, medium-term and long-term. These measures should include investment measures and programmes to reduce long-term unemployment, in particular.

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<sup>13</sup> For full details see *Investment for Growth, Jobs and Recovery*, Social Justice Ireland 2013. <http://www.socialjustice.ie/content/publications/investing-growth-jobs-and-recovery-2013>

<sup>14</sup> <http://www.socialjustice.ie/sites/default/files/attach/policy-issue-article/3203/2011-04-13-outlineofptjoproposal.pdf>



We have discussed a series of measures that might be adopted to specifically address certain sub-groups within those unemployed such as young people, the long-term unemployed disabled people and the working poor.

In addition, we make the following recommendations for changes to the targets set in Ireland's National Reform Programme:

- **We recommend a more ambitious national target relative to employment as well as a range of more ambitious measures aimed at reaching that target.**
- **Long-term unemployment: We recommend that a sub-target be added to the current National Reform Programme headline target:**
  - **To reduce the level of long-term unemployment to 1.3% of the labour force.**
- **Working poor: We strongly urge that a specific sub-target should be developed to address the issue of the working poor. We propose the following sub-target be added to the current headline target:**
  - **To reduce in-work poverty by making tax credits refundable. (For more details, see Chapter 4).**

### 3. Education

*EU Headline Target: A target on educational attainment which tackles the problem of early school leavers by reducing the dropout rate to 10% from the current 15%, whilst increasing the share of the population aged 30-34 having completed tertiary education from 31% to at least 40% in 2020.*

*Ireland Headline Target: To reduce the percentage of 18-24 year olds with at most lower secondary education and not in further education and training to 8%; to increase the share of 30-34 year olds who have completed tertiary or equivalent education to at least 60%.*

#### European Context

The headline target in the Europe 2020 Strategy, stated above, focuses both on early leavers from education and training<sup>15</sup> and on tertiary (or third level) education<sup>16</sup>.

The following issues concerning education in Europe were referenced in the Strategy:

- One in seven young people leaves education and training too early
- Less than one person in three aged 25-34 has a university degree
- Eighty Million People have low or basic skills, but lifelong learning benefits mostly the more educated
- By 2020, the demand for low skills will drop by 12 million jobs

(European Commission, 2010)

The Europe 2020 Strategy recognises how all its targets are linked (European Commission, 2010). As regards improved educational achievement of young people, the Commission recognises this as a cross-cutting measure that addresses two priority areas of the Europe 2020 Strategy - that for 'smart growth' by improving skills levels, and 'inclusive growth' by tackling one of the major risk factors for unemployment and poverty. It sees reducing early school-leaving as a 'gateway' to achieving other Europe 2020 Strategy targets (European Commission, 2011a, p.2). Related initiatives include:

- The Flagship Initiative 'Youth on the Move' which aims to raise the quality of all levels of education and training in the EU, envisaging that the Member States will improve educational outcomes across all segments (instancing pre-school, primary, secondary,

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<sup>15</sup> Early leavers from education and training refers to persons aged 18 to 24 fulfilling the following two conditions: first, the highest level of education or training attained is ISCED 0, 1, 2 or 3c short, second, respondents declared not having received any education or training in the four weeks preceding the survey (numerator). The denominator consists of the total population of the same age group, excluding no answers to the questions "highest level of education or training attained" and "participation to education and training". Both the numerators and the denominators come from the EU Labour Force Survey (Eurostat, t2020\_40)

<sup>16</sup> The share of the population aged 30-34 years who have successfully completed university or university-like (tertiary-level) education with an education level ISCED 1997 (International Standard Classification of Education) of 5- (Eurostat, t2020\_41).

vocational and tertiary) encompassing key competencies and aiming to reduce early school-leaving (European Commission, 2010, p. 13).

- The Flagship Initiative, 'An Agenda for New Skills and Jobs', envisages the implementation of life-long learning principles (European Commission, 2010, p. 18).
- The European Platform against Poverty proposes development of innovative education for deprived communities so that those experiencing poverty and social inclusion can live in dignity and take an active part in society (Council of the European Union, 2011, p 2).

The EU also has a strategic framework for cooperation in education and training under which targets have also been set for 2020 - The Strategic Framework for European Union cooperation in Education and Training (known as 'ET 2020'). In it four strategic objectives are identified:

1. Making lifelong learning and mobility a reality;
2. Improving the quality and efficiency of education and training;
3. Promoting equity, social cohesion and active citizenship;
4. Enhancing creativity and innovation, including entrepreneurship, at all levels of education and training (Council of the European Union, 2009).

The 'ET 2020' framework is considered to be consistent with the 2020 Strategy, capable of making a significant contribution towards achieving its objectives. The four objectives (above) are considered applicable for adult education.

Amongst the targets which the ET 2020 framework has set for 2020 are:

- at least 95% of children between the age of four and the age for starting compulsory primary education should participate in early childhood education;
- the share of 15-years olds with insufficient abilities in reading, mathematics and science should be less than 15%;
- an average of at least 15 % of adults (age group 25-64) should participate in lifelong learning.

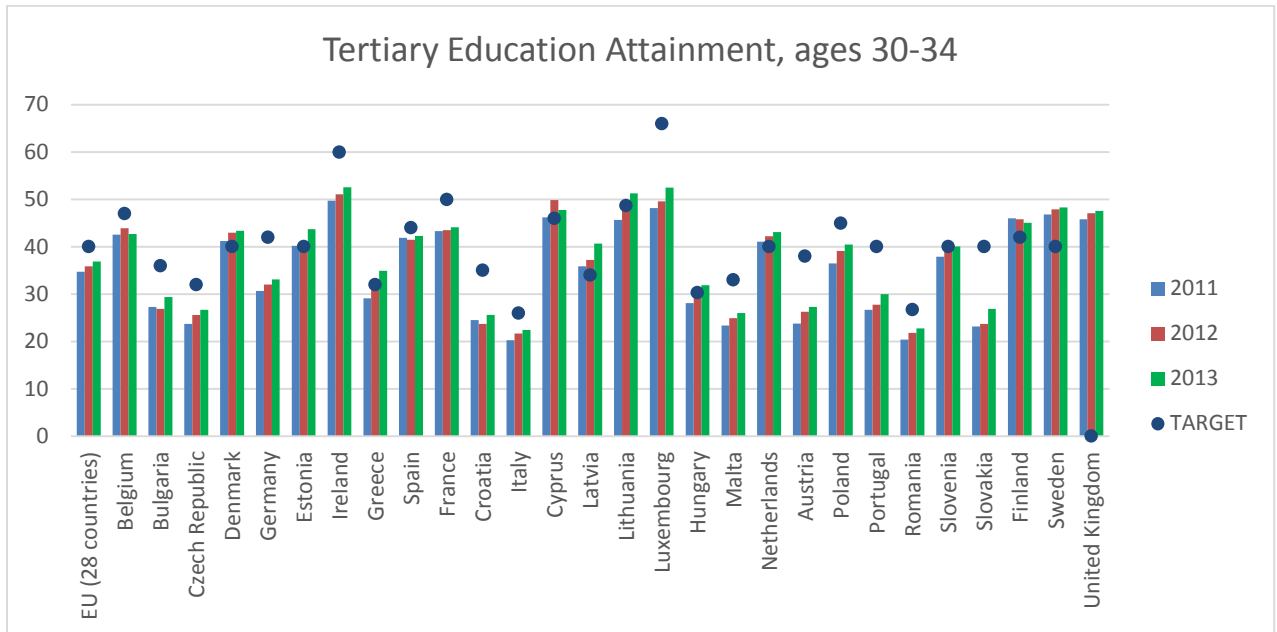
According to the OECD, the highest performing education systems internationally are those that combine quality with equity – by equity they meant that personal or social circumstances like gender, family or ethnic origin are not obstacles to achieving educational potential and that all individuals reach at least a basic minimum (OECD, 2012).

## **Ireland: Education**

Overall, Ireland compares well relative to many European countries in terms of the two targets relating to education established under the Europe 2020 Strategy.

In particular, at 52.6 per cent in 2013, Ireland's share of 30-34 year olds who have completed tertiary or equivalent education is the highest in Europe (Eurostat, 2014, **t2020\_41**), marginally higher than Luxembourg and Lithuania. The EU average for 2013 was 36.9 per cent (EU-28). The Irish Government has established an ambitious target of 60% in regard to this in the National Reform Programme (Government of Ireland, 2011). See **Figure 7**.

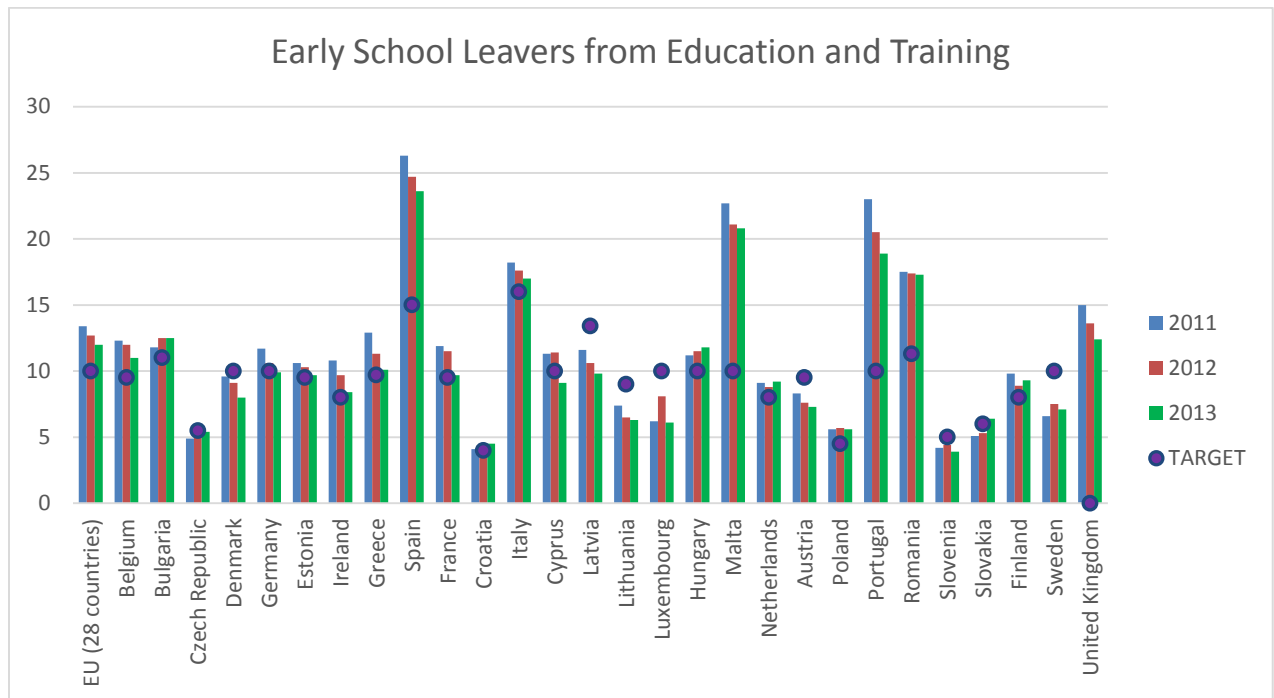
**FIGURE 7 TERTIARY EDUCATION ATTAINMENT, AGES 30-34, WITH NATIONAL TARGET**



**Source:** Eurostat, 2014 t2020\_41. Note: No target supplied for United Kingdom

The European average for 18-24 year olds classified as early school-leavers was 12 percent in 2013 (EU28) (Eurostat, 2014, t2020\_40). The corresponding figure for Ireland was 8.4 per cent (a rate that has been steadily falling in recent years), meaning that, based on the latest available figures across Europe, our ranking is 11th (EU28) (Eurostat, 2014, t2020\_40). It also means that Ireland has almost reached the target set in the National Reform Programme (of 8 per cent). See **Figure 8** for European rankings and national targets. However, given that Ireland’s percentage of early school-leavers was 11.5 per cent in 2010, when the European 2020 Strategy was adopted, the 8 per cent target adopted by the Irish Government was not at all ambitious.

**FIGURE 8 EARLY SCHOOL LEAVING: EU28 WITH EUROPE 2020 STRATEGY TARGETS**



**Source:** Eurostat, 2014. **t2020\_40**. Relates to the percentage of the population aged 18-24 with at most lower secondary education and not in further education or training. **Note:** No target stipulated for United Kingdom.

Ireland’s expenditure on education equalled 6.5 per cent of GDP in both 2009 and 2010 (CSO, 2014) and this percentage had increased since 2008, something which is attributed mainly to the decrease in the country’s GDP over this period (CSO, 2014). This rate compares to an EU-27 average of 5.4% of GDP in 2009 (CSO, 2014). However, given Ireland’s relatively young population by European standards<sup>17</sup>, a higher than average spend might be expected.

There are also a number of areas of education where Ireland does not do well in international comparisons. These include:

- Ireland traditionally did not invest public funds in **early childhood education** on any wide-scale basis (showing no public investment in an OECD study from 2008, where the OECD average is 0.5% of GDP (OECD, 2011), although this is an area where initiatives have since been introduced (notably, the Early Childhood Care and Education Scheme, ECCE);
- Ireland has a significant problem with **literacy**, both for adults and for 15-year olds. The OECD PIAAC study 2013, which provides the most up to date data on adult literacy in Ireland, shows that a very significant proportion of the adult population still does not possess the most basic literacy, numeracy and information processing skills considered

<sup>17</sup> Amongst EU countries, Ireland has the highest fertility; its population is increasing at a higher rate than in any other EU country and it has the highest proportion of young people and the second lowest proportion of older people in the EU (CSO, Measuring Ireland’s Progress 2011)

necessary to participate in today's world. Results from the OECD's PISA study found that Ireland's 15-year olds rank 17th for reading levels amongst 34 OECD countries (OECD, 2010);

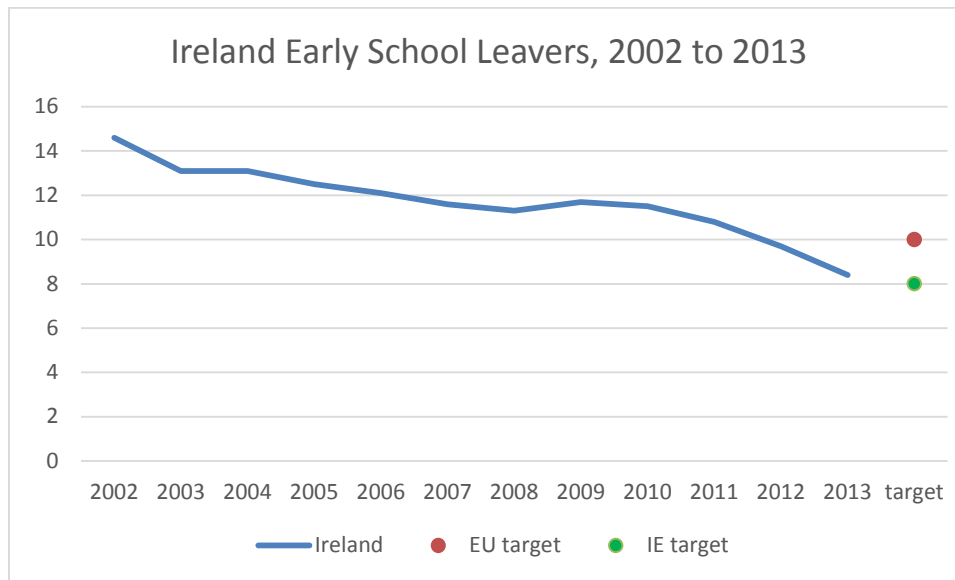
- Ireland's participation rates in **lifelong-learning** do not compare well with other European countries, being well below the average, something that the Expert Group on Future Skills Needs has identified as a concern (2007, p. 6). Ireland's performance in lifelong learning has been declining since 2005 and those with the highest levels of formal education are more likely to participate (Forfás & National Competitiveness Council, 2012);
- Despite an expenditure of 3.0% of GDP on primary and lower secondary education (OECD, 2011) Ireland's Competitiveness Scorecard, 2012, shows that Ireland does not perform well in terms of **hours of tuition** for 9-11 year olds and 12-14 year olds in maths and science (Forfás & National Competitiveness Council, 2012, pp. 118-121). In terms of tuition time, and despite requiring more compulsory time in the classroom than any other country, out of 20 countries, Ireland performed 16<sup>th</sup> in maths, and 19<sup>th</sup> in science for 9 – 11 year olds. For 12-14 year-olds the ranking (again for tuition time) was 11<sup>th</sup> in maths and 19<sup>th</sup> in science.

In this Chapter, as well as considering early school leaving in Ireland in the context of the Europe 2020 Strategy targets, we will also consider the position of Ireland in the areas covered by three of the targets set by the ET 2020 strategy – namely, that for early childhood or pre-school education, people with literacy difficulties, and lifelong learning.

### **Early School Leaving**

Ireland's National Reform Programme target is to reduce the percentage of 18-24 year olds with at most lower secondary education and not in further education and training to 8 per cent. As **Figure 9** shows, a decrease in this rate has been evident for many years, which is a very positive trend. The target of 8 per was almost reached in 2013.

**FIGURE 9 EARLY SCHOOL LEAVING RATE AMONGST 18-24 YEAR OLDS**



**Source:** Eurostat, 2014, t2020\_40

However early school leaving still remains a serious issue. *Social Justice Ireland* has said in the past and continues to say that the Irish National Reform Programme target of 8% is very unambitious in this context given the very high unemployment rates faced by early school leavers as well as the long-term impacts on their life-chances.

Early school leaving not only presents problems for the people involved, but it also has economic and social consequences for society. Education is the most efficient means by which to safeguard against unemployment. The risk of unemployment increases considerably the lower the level of education. Participation in high quality education has benefits not only for young people themselves but also for taxpayers and society. These benefits typically last over the course of individual's lifetime. A review of the economic costs of early school leaving across Europe confirms that there are major costs to individuals, families, states and societies (European Commission, n.d). That study showed that inadequate education can lead to

- large public and social costs in the form of lower income and economic growth,
- reduced tax revenues and
- higher costs of public services related, for example, to healthcare, criminal justice and social benefit payments.

Furthermore, there is a recognised cyclical effect associated with early school leaving, resulting in the children of early school leavers experiencing reduced success in education (European Commission, 2011b).

Educational qualifications are still considered the best insurance against unemployment, which clearly increases the lower the level of education attained. Ireland's figures (for Q2, 2011) show that a very high proportion (78%) of early school leavers aged 18-24 were unemployed or not

economically active (CSO, 2011). Compared with people of a similar age (18-24) early school leavers had

- over twice the rate of unemployment (37% compared to 15%), and
- a much lower rate of employment (21% compared to 42%) (CSO, 2011).

Ireland's National Reform Programmes 2011 and 2014 refer to the DEIS<sup>18</sup> scheme (Delivering Equality of Opportunities in Schools) as a key measure in supporting the achievement of the national target in regard to early school leaving. Evaluation suggests that the DEIS programme is having a positive effect on educational disadvantage – including on retention rates (to Leaving Certificate) (Government of Ireland, 2013; 2014). However, unfortunately the DEIS scheme suffered cut-backs in Budget 2012, which were subsequently only partially rolled-back.

The Irish Government has invested heavily in trying to secure a school-based solution to the problem of early school leaving through, for example, the work of the National Educational Welfare Board (NEWB), which, due to legislation introduced in 2013, is now part of the Child and Family Agency, representing an attempt to integrate educational welfare services, which, as an objective, is to be welcomed.

However a series of cuts made within education in a number of areas are affecting the provision of education and may impact on the positive trend in reducing early school-leaving over the last decade. These have been announced in a series of Budgets. These have included, for example,

- further reductions in capitation grants for primary and post primary schools (which had been cut by 10% from 2008) and in capitation grants to VTOS, Youthreach and PLC Colleges (Budget 2015);
- Loss of classroom posts as a result of decisions to increase the number of pupils required to gain and retain a classroom teaching post in small primary schools and further posts were removed from rural schools (something which ignored the economic and social impact of the closure of a school on rural communities).

*Social Justice Ireland* welcomed certain measures included in Budget 2014 (such as the allocation of 1,395 new teaching posts and an extension of the book rental scheme to primary schools) and in Budget 2015 (announcement of new teaching posts and capital programme to keep pace with demand for places in primary and post primary schools).

Overall, we believe that the situation calls for a long-term policy response, which would encompass alternative approaches aimed at ensuring that people who leave school early have alternative means to acquire the skills required to progress in employment and to participate in society. Approaches in the area of adult literacy and lifelong learning are important in this context, something that we will come to below.

### **Early-Childhood Education**

The European Commission sees early-childhood education as contributing to the objectives of the Europe 2020 strategy – being the foundation for successful lifelong learning, social integration, personal development and later employability, and thus making a strong

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<sup>18</sup> DEIS focuses on the needs of 3 -18 year olds from disadvantaged communities. A review published in December 2013 suggests that pupils in DEIS schools are performing better (2010-2013) in reading and mathematics (Government of Ireland 2014)



contribution to achieving two of the Europe 2020 headline targets – particularly that on early school-leaving and on poverty and social exclusion (European Commission, 2011d). The Commission recognises that early childhood education and care has a profound and long-lasting impact which measures taken at a later stage cannot achieve – as it means that later learning is more effective and more likely to continue throughout life, lessening the risk of early school-leaving, increasing the equity of educational outcomes and reducing costs for society in terms of lost talent and of public spending on social, health and even justice systems.

Ireland now has a universal provision of early childhood care and education for one year (the Early Childhood Care and Education Scheme which entitles every child between 3 years and 3 months and 4 years and 6 months to three hours of pre-school care, for thirty-eight weeks in one year free of charge), introduced in 2010, enabling 63,000 or 95% of the eligible child cohort to participate (Government of Ireland, 2011, p. 21).

Notwithstanding this, the most striking feature of investment in education in Ireland relative to other OECD countries is our under-investment in early childhood education when compared with international norms. Ireland spends 0.1 per cent of GDP on pre-primary education compared with the OECD average of 0.5 per cent (OECD 2012, p 339).

Although a high proportion of eligible children now participate in Ireland's ECCE scheme, and the National Reform programme 2014 highlights additional initiatives in this area, a recent study from the World Health Organization has shown how poor Ireland's approach to providing a comprehensive system of pre-schooling is in comparison with many other countries. The study included 53 European countries and examined attendance at pre-primary school intended to provide a bridge between home and a school-based environment (World Health Organization, 2013). When they examined provision of pre-schooling for *more than a year* they found that provision in Ireland is relatively extremely low. Amongst the 38 European countries taking part in PISA (Programme for International Student Assessment) 2009, Ireland had one of the lowest rates of attendance for more than one year – in fact Ireland ranked 33rd out of 38 countries exceeded only by five countries – Serbia, Kazakhstan, Kyrgyzstan, Azerbaijan and Turkey. As the WHO report notes, there is strong evidence that provision of highly-trained personnel in pre-school is associated with better child development, particularly in children from more deprived families.

In the opinion of *Social Justice Ireland*, Ireland's introduction of a free pre-school year in 2010 was a step in the right direction, but in this area, Ireland still has much to do. Unfortunately, in Budget 2012 the capitation rate for this year was reduced by 3%, and the staff to child ratio was increased. Ireland's poor performance on early childhood education represents a fundamental problem for Irish society and a failure of policy to address social exclusion. Early childhood is the stage where education can most effectively influence the development of children and help reverse disadvantage (European Commission, 2011b). It has the potential to both reduce the incidence of early school leaving and to increase the equity of educational outcomes. Early childhood education is associated with better performance later on in school. A recent OECD study found that 15 year old pupils who attended pre-primary education perform better on PISA testing (Programme for International Student Assessment) than those who did not, even allowing for differences in their socio-economic backgrounds (OECD, 2012, p338). This is mirrored in the PISA 2012 results for Ireland which show that Irish students who attended pre-

school scored significantly better than those who did not (Department of Education and Skills, 2013a). It is also well recognized that that the highest return from investment in education is between the ages of 0 to 5 (Carneiro and Heckman, 2003).

*Social Justice Ireland* believes that adequate resources must be invested in early childhood education, which has the potential to both reduce the incidence of early school-leaving and to increase the equity of educational outcomes. Government should develop the early childhood education infrastructure (involving investment at all stages from 0-3) and invest an extra €140m in this area annually.

### **Literacy –Adults and Children**

The Irish Government’s National Reform Programme, 2014, does not refer to the issue of adult literacy, although adult literacy is a significant barrier to achieving the aims of the 2020 Strategy for inclusive growth, given that those with low literacy skills are almost twice as likely to be unemployed than others (OECD, 2013) and are more likely to report poor health outcomes and are less likely to participate in social and civic life. Society is ever more dependent on literacy skills as a result of several issues such as ‘low-skilled’ work now requiring higher performance due to automation, information on state services being most readily available online, schooling requiring parental involvement, goods/services being available for purchase online (Dorgan, 2009). The evidence suggests that people with literacy/numeracy difficulties are

- more likely to be long-term unemployed (O’Connell *et al* 2009, p. xii),
- to have lower earnings and career aspirations (Dorgan, 2009a),
- less likely to take part in education and training<sup>19</sup> (Expert Group on Future Skills Needs, 2007).

The issue of adult literacy has been controversial in public discourse since 1997, when an OECD survey (the IALS) found that a quarter of Ireland’s adult population (aged 15-64) performed at the very lowest level of literacy. The OECD PIAAC study 2013, which provides the most up to date data on adult literacy in Ireland , shows that a very significant proportion of the adult population still does not possess the most basic literacy, numeracy and information processing skills considered necessary to participate in today’s world. On literacy, Ireland is placed 17<sup>th</sup> out of 24 countries with 18 per cent of Irish adults having a literacy level at or below level 1. People at this level of literacy can understand and follow only basic written instructions and read only very short texts (CSO 2013a; OECD, 2013). On numeracy Ireland is placed 19<sup>th</sup> out of 24 countries with 26 per cent of Irish adults scoring at or below level 1 (compared with an average of 20% across participating countries). In the final category, problem solving in technology rich environments, 42 per cent of Irish adults scored at or below level 1. The report also found that there is no statistical difference between average literacy scores of adults in Ireland from IALS (data gathered in 1994) and PIAAC in 2012. In other words, the adult literacy strategy implemented by successive governments in the intervening years has not succeeded in terms of dealing with Ireland’s adult literacy problem. The lack of focus on this issue has been further underscored by successive budget cuts to funding for adult literacy programmes. Successive

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<sup>19</sup> Without policy change, those without skills will in the future have difficulty getting jobs and will be competing with a large pool of other unskilled or low skilled persons

Government budgets cut funding for adult literacy since 2010<sup>20</sup> and only a relatively modest additional allocation was made in Budget 2015 (€6million).

The National Action Plan for Social Inclusion (NAP Inclusion) 2007-2016 sets a 2016 target for the proportion of the population (aged 16-64) with restricted literacy (Level 1) of between 10% - 15%. However, it also seems that the targets in the NAP Inclusion were destined for attainment without any policy action on adult literacy (because of the trend for younger people to have overall better literacy levels) (Dorgan, 2009). The European Commission recently noted the slow rate of progress in reform of further education and training (2014a). A new *Further Education Strategy ('FET strategy') 2014-2019* published by SOLAS in 2014 includes reference to the issue of literacy and numeracy and includes 12 actions described as a 'literacy and numeracy strategy'. Key amongst these is a promotional campaign to elicit higher levels of engagement (SOLAS, 2014, p.100). However, it is disappointing that the FET strategy fails to set specific literacy targets<sup>21</sup> or to commit additional funding. The serious issue of adult literacy deserves a detailed high-level strategy, one that is more comprehensive than the commitments incorporated in the FET strategy and such a strategy should now be developed.

*Social Justice Ireland* believes that public policy aimed at tackling literacy problems among adults has to date simply been inadequate and unacceptable and has left too many people with serious literacy problems unable to function effectively or to obtain meaningful jobs. The recent OECD research (referenced above) confirms that the policies pursued have failed. *Social Justice Ireland* recommends that new targets to be ambitious and realistic in the context of the future social and economic development of Ireland, and that the necessary funding is provided to ensure that these targets are met. We also urge that a specific target on adult literacy be included as a sub-target in the National Reform Programme to ensure this issue receives the priority it urgently requires.

While the Europe 2020 Strategy does not set a headline target for literacy levels, the ET 2020 framework does in the case of younger people. The target is for less than 15% of 15-years olds with 'insufficient abilities in reading, mathematics and science'.

Where children of school-going age are concerned, results from the OECD's PISA study found that Ireland's fifteen-year olds rank at average reading levels among OECD countries. They also highlighted that average reading levels have been decreasing across all ability levels over time in Ireland and that 17% of students in Ireland are low-achieving in reading, which means that they are 'below the basic level needed to participate effectively in society and in future learning' (OECD, 2010). Numeracy levels also displayed a similar pattern.

The OECD's findings suggest that while reading levels among the school-going population are better than the population generally, this difference is smaller than might be expected. Also, there is something fundamentally wrong with an education system where 1 in 6 students (that is, 17%) are unable to read at the most basic level. Irish students from low socio-economic backgrounds are 2.4 times more likely to be low performers than their peers with high socio-economic status (OECD, 2010).

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<sup>20</sup> Budget 2011 reduced capitation grants for adult and further education courses by 5%; there was a 2% reduction in Budget 2012, 2% in 2013 and 1% in 2014.

<sup>21</sup> It instead commits to setting appropriate targets between 2015 and 2019

A strategy to improve literacy and numeracy in schools has been introduced, *Better Literacy and Numeracy for Children and Young People (2011-2020)*. It includes a range of potentially significant measures to improve literacy and numeracy in early childhood education and in primary and post-primary schools and introduces tangible national targets. A range of targets are included for 2020.<sup>22</sup> The strategy's funding was increased in Budget 2015.

As *Social Justice Ireland* has stated previously, the introduction of a strategy for schools and young people was overdue, is very necessary and potentially very positive. In January 2015 results of an assessment carried out by the Educational Research Centre into performance in English reading and Mathematics amongst 2<sup>nd</sup> and 6<sup>th</sup> Classes (as compared to performance in 2009) were launched by the Department of Education and Skills. These suggest that the first significant improvement in standards for many years has been recorded, although the report also notes much scope for improvement especially in Mathematics and in DEIS schools (Education Research Centre 2014). *Social Justice Ireland* welcomes the continued funding for this strategy and hopes that it will be maintained in future Budgets.

### **Lifelong Learning**

The importance of life-long learning is recognised in both Irish public policy (Higher Education Authority, 2008) and at European level (Council of the European Union, 2011). According to a Council Resolution, adult learning can make a significant contribution to meeting the Europe 2020 goals. The Council calls for particular attention to improving provision for low-skilled Europeans targeted in Europe 2020 starting with literacy, numeracy and second-chance measures as a precursor to up-skilling for work and life in general (Council of the European Union, 2011).

As already mentioned, ET 2020, the strategic framework for European cooperation in education and training, sets a benchmark to be achieved by 2020 for lifelong learning, namely that an average of at least 15 % of adults aged 25 to 64 should participate in lifelong learning (Council of the European Union, 2009).

**Figure 10**, below, shows European participation rates in lifelong learning<sup>23</sup> for 2011 to 2013 relative to the target of 15 per cent (EU 28). It can be seen how, with a proportion of 7.3 per cent, Ireland is below the European average of 10.7 per cent and far below the target of 15 per cent set in ET 2020. Furthermore, the increase in Ireland's rate since 2001 has been very slight.

The Irish National Reform Programme, 2014, refers to the issue of reform of the Further Education and Training Sector but – as regards the Education Target - not in a comprehensive

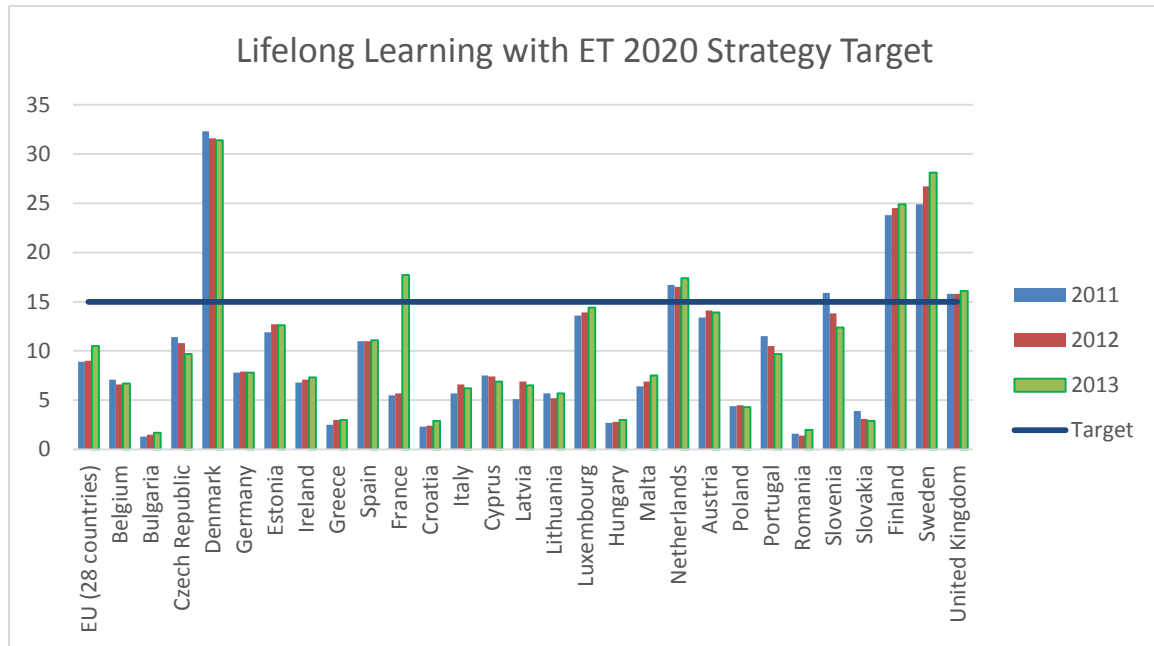
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<sup>22</sup> Targets included: to increase the percentage of primary children performing at the highest level (Levels 3 and 4) in the National Assessment of Mathematics and English reading by at least 5 percentage points at both second and sixth class, and to increase the percentage of 15-year old students performing at or above the highest levels (Levels 4 and 5) in PISA reading, literacy and numeracy tests by at least 5 percentage points (Department of Education, 2011 pgs. 5,6).

<sup>23</sup> Lifelong learning refers to persons aged 25 to 64 who stated that they received education or training in the four weeks preceding the survey (numerator). The denominator consists of the total population of the same age group, excluding those who did not answer to the question 'participation in education and training'. Both the numerator and the denominator come from the EU Labour Force Survey. The information collected relates to all education or training whether or not relevant to the respondent's current or possible future job (Eurostat, 2014 **tsdsc440**).

way. Further Education and training for adults is more comprehensively dealt with under the Employment target– situating it within an ‘activation’ context rather than embedding it as an important programme in its own right within the context of the National Reform Programme targets on education.

**FIGURE 10 LIFELONG LEARNING EU28: 2011-2013**



**Source:** Eurostat, 2014, tsdsc440

The National plan for access to higher education (*National Plan for Equity of Access to Higher Education 2008-2013*) (which is due to be replaced with a further plan) recognises that participation rates in continuing education are linked with initial levels of education in every OECD country (Higher Education Authority, 2008). A target was set to reach EU average levels for lifelong learning by 2010 and to move ahead of the European average by 2013. The mid-term review of this plan, while outlining some areas of improvement in Ireland’s performance on aspects of lifelong learning, acknowledges that no improvement has been recorded on participation in lifelong learning among 25-64 year-olds, and that the target set for 2010 had not been reached (Higher Education Authority, 2010, p. 19). In fact the rate declined between 2007 and 2010 as can be seen from **Table 4**, which also shows a slight increase since 2011.

**TABLE 4 IRISH PARTICIPATION RATES IN LIFELONG LEARNING, AGES 25-64 WITH HEA TARGETS**

<b>Lifelong Learning: Adults</b>								
<b>Year</b>	2006	2007	2008	2009	2010	2011	2012	2013
<b>Irish Participation Rates, lifelong learning</b>	7.3%	7.6%	7%	6.3%	6.8%	6.8%	7.1%	7.3%
<b>Higher Education Authority Strategy, Target</b>	<b>7.3%</b>				<b>12.5%</b>	<b>17%</b>		

**Source:** Eurostat, 2014 tscdsc440; Higher Education Authority, 2008.

**Table 5** highlights the link between educational attainment and employment. Those aged 25-64 with only primary level qualifications are three times more likely to be unemployed than those with a third level qualification (24% as opposed to 7%). This gap has increased between 2009 and 2011 (the year to which latest available data relate) (CSO, 2011), evidence of the challenges faced by Government in trying to help those with low levels of educational attainment to up-skill in such a way as to obtain employment.

**TABLE 5 SUMMARY, EDUCATIONAL ATTAINMENT AND LABOUR FORCE PARTICIPATION, AGES 25-64, APRIL-JUNE 2011**

<b>Educational Attainment and Labour Force Participation, age group 25-64</b>				
<b>Highest education level attained</b>	<b>%</b>	<b>Labour Force Participation rate</b>	<b>Employment rate</b>	<b>Unemployment rate</b>
<b>Primary or below</b>	<b>10</b>	<b>46</b>	<b>35</b>	<b>24</b>
<b>Lower Secondary</b>	<b>15</b>	<b>67</b>	<b>54</b>	<b>21</b>
<b>Higher Secondary</b>	<b>24</b>	<b>76</b>	<b>65</b>	<b>14</b>
<b>Post Leaving-Cert</b>	<b>13</b>	<b>78</b>	<b>64</b>	<b>18</b>
<b>Third Level</b>	<b>38</b>	<b>87</b>	<b>81</b>	<b>7</b>
<b>Total persons aged 25-64</b>	<b>100</b>	<b>76</b>	<b>66</b>	<b>13</b>

**Source:** CSO, 2011, Table A

In Ireland it is clear that the lifelong opportunities of those who are socially excluded and educationally disadvantaged contrast sharply with the opportunities of those who have

completed second level and third level education. For example, third-level graduates in employment in Ireland earn on average 64 per cent more than those with a Leaving Certificate only (OECD 2011b). Therefore, lifelong education is a basic need, and second chance education and continuing education are vital, particularly for those who experienced educational disadvantage at an early stage in an education system that failed them. For *Social Justice Ireland*, this is an issue of rights, of equality, of social inclusion and of citizenship. It is also a necessary response of the Irish Government to be consistent with the headline target they adopted in the National Reform Programme on employment – where the target is to be reached through ‘greater participation of young people, older workers and low-skilled workers and the better integration of migrants’ (Government of Ireland, 2011; 2014).

*Social Justice Ireland* believes that the National Reform Programme should address the issue of lifelong learning, treating it as a cornerstone of education policy under the Education Target, rather than as a component of activation measures in the context of employment. Labour market activation cannot be the sole factor defining the education and training agenda for adults.

The recent establishment of SOLUS, the new further education and training authority, and the publication of a new Further Education and Training strategy has brought some strategic planning to the delivery of further education and training that had been lacking previously. However, the strategy is not specific enough in some areas (see, for example, comments on its literacy strategy, above) and its implementation will be challenging. More needs to be done at government level to ensure that the further adult and community education sector achieves parity of esteem with other sectors within the formal system since it is expected to respond to the needs of large sections of the population who have either been failed by that system or for whom it is unsuitable as a way of learning. As already mentioned, this is particularly important when one considers that the employment target set in the National Reform Programme is to be reached through the greater participation of low skilled and older workers. Implicit in this is the need for continuing educational opportunities if these identified groups are to be in a position to remain in and take up employment.

### ***Social Justice Ireland* Recommendations**

Education is widely recognised as crucial to the achievement of both national objectives and those of the Europe 2020 strategy such as ‘smart growth’ and ‘inclusive growth.’ However, the overall levels of public funding for education in Ireland are out of step with these aspirations, particularly as regards under-funding of early childhood education and care, and in the areas of lifelong learning and second-chance education – the very areas that are most vital in promoting greater equity and fairness. Specific recommendations include:

- **Set a more ambitious national target of 5% in the National Reform Programme for reduction of early school leaving.**
- **Provide sufficient resources to the DEIS programme and the national strategy ‘Literacy and Numeracy for learning and life’.**
- **Invest in universal, quality early childhood education and care that addresses all stages of early childhood (that is, in addition to the year allowed under the Early Childhood Care and Education Scheme) making an additional investment of**

- €140million annually in 2016 and set out a multi-annual funding plan for early childhood care and education.**
- **Adopt in the National Reform Programme a new more ambitious adult literacy target to reduce the proportion of the population aged 16-64 with restricted literacy to 5% 2016; and to 3% by 2020**
  - **Adopt in the National Reform Programme an ambitious target for participation in lifelong learning.**



## 4. Poverty

*EU Headline Target: To promote social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people out of the risk of poverty and exclusion<sup>24</sup>*

*Ireland, Headline Target, 2011: To reduce the number experiencing consistent poverty to between 2-4% by 2012, with the aim of eliminating consistent poverty by 2016, which will lift at least 186,000 people out of the risk of poverty and exclusion (Government of Ireland, 2011).*

*Ireland, Revised Headline Target: To reduce consistent poverty to 4% by 2016 (interim target) and to 2% or less by 2020, from the 2010 baseline rate of 6.3<sup>25</sup>%.*

*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) (Government of Ireland, 2013; 2014).*

The Government has agreed to set two new sub-targets for poverty reduction. One – for jobless households has yet to be defined<sup>26</sup>. The second recognises the higher and life-long consequences of childhood poverty and adopts a new child-specific poverty target:

***To lift over 70,000 children out of consistent poverty by 2020, a reduction of at least two-thirds on the 2011 level. This target will include reducing the higher consistent poverty risk for households with children as compared to non-child households (8.8% vs 4.2%), and for children as compared to adults (9.3% vs. 6%) (Government of Ireland 2014)***

### Measures and Metrics

Before considering the position of Europe and Ireland relative to the Europe 2020 Strategy targets, we need to address briefly the choice of measures and metrics - something of critical importance in setting targets and in measuring performance. In trying to measure the extent of poverty, the most common approach across Europe in recent years is the 'at risk of poverty' indicator. This is a measure of income poverty, which involves identifying a poverty line (or lines) based on people's disposable income (after taxes but including all benefits). The European

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<sup>24</sup> This target has been revised and was originally framed as follows: The number of Europeans living below the national poverty lines should be reduced by 25%, lifting over 20 million people out of poverty (European Commission, 2010, p.11).

<sup>25</sup> This reflects a revised figure released by the CSO in 2011

<sup>26</sup> The 2014 National Reform Programme indicates that this is pending further analysis. The work intensity of the household refers to the ratio between the number of months that all working age (18-59 excluding students aged 18-24) household members worked during the previous year and the total number of months that could theoretically have been worked by the household members. Work intensity is broken into five categories: very low work intensity (< 20 per cent of total time is worked), low work intensity (20 to 45 per cent), medium work intensity (45 to 55 per cent), high work intensity (55 to 85 per cent) and very high work intensity (> 85 per cent) (Department of Social Protection, 2012).

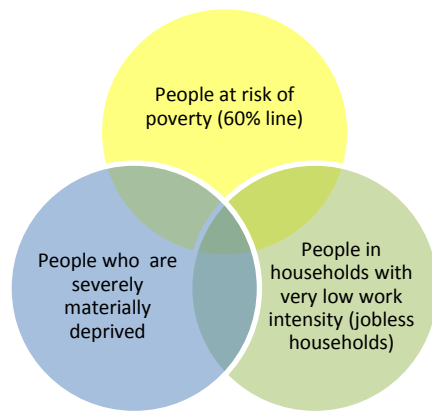
Commission and the UN in recent years adopted a poverty line located at 60% of median income<sup>27</sup> and this is reflected in one of the indicators (described below) used in the EU 2020 Strategy. The ‘at risk of poverty’ indicator has also been used since 2003 by the Irish Central Statistics Office (CSO) in its SILC surveys, the latest available one relating to 2012.

The EU 2020 Strategy uses a target based on being ‘at risk of poverty or exclusion’. This is a combined indicator to which there are three aspects as included in the EU headline target. It includes people either

- below a country-specific relative income poverty threshold (the at-risk-of-poverty rate),
- above a material deprivation measure, or
- in a ‘jobless’ household.

The Europe 2020 Strategy for the first time combines the three to identify an overall target group ‘at risk of poverty and exclusion’<sup>28</sup>. Meeting *any* of the criteria will suffice to be counted within the target population. This shift represents a significant dilution of the target that had originally been mooted – which related to only the first of the three indicators, those ‘at risk of poverty’, which had previously been the most prominent indicator at EU level (Nolan & Whelan, 2011).

**FIGURE 11 DIAGRAM: EUROPE 2020 STRATEGY: AT RISK OF POVERTY OR SOCIAL EXCLUSION INDICATOR**



<sup>27</sup> ‘People at risk of poverty’ are persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers)

<sup>28</sup> This 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. Persons are only counted once even if they are present in several sub-indicators. At risk-of-poverty are persons with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers). Material deprivation covers indicators relating to economic strain and durables. Severely materially deprived persons have living conditions severely constrained by a lack of resources, they experience at least 4 out of 9 following deprivations items: cannot afford i) to pay rent or utility bills, ii) keep home adequately warm, iii) face unexpected expenses, iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home, vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone. People living in households with very low work intensity are those aged 0-59 living in households where the adults (aged 18-59) work less than 20% of their total work potential during the past year. (Eurostat, 2014, t2020\_50)

Member States can set national targets based on what they consider to be the most appropriate indicator or combination of indicators.

The Irish targets relate to ‘consistent poverty,’ which is the poverty target used in the *National Action Plan for Social Inclusion, 2007-2016*, and reflects Ireland’s use of two indicators to measure poverty and exclusion: at risk of poverty (below the 60% median income threshold) and material deprivation (lacking two or more basic necessities). These are similar to the first two of the EU indicators that make up the EU target of ‘poverty and social exclusion’<sup>29</sup>. The ‘consistent poverty’ indicator combines deprivation and poverty into a single indicator by calculating the overlap between the two – that is, people simultaneously experiencing poverty and registering as deprived. As such it captures a sub-group of the poor – and we will look at it specifically below.

The revised target contained in the Government’s National Reform Programme Update, 2012, and subsequently in the National Reform Programme for 2014, represented a change in both the baseline rate (from a 2008 rate of 4.2% in consistent poverty, to a 2010 baseline rate of 6.3%) and in the timetable for achieving it. The terminology was changed as regards how those who are to be lifted out of poverty are defined: ‘*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)*’. The effect of this is to exclude the third EU indicator - people in households with very low work intensity – and this is consistent with the ongoing approach of the Irish authorities to the measurement of poverty, as the added value of using the third - low work intensity or ‘joblessness’ - as a poverty measurement in an Irish context is not accepted by the Irish Government (Government of Ireland 2011), and, indeed is also questionable in the opinion of commentators.<sup>30</sup>

## European Context

The Europe 2020 Strategy envisaged that a major effort would be needed to combat poverty and social exclusion, to reduce health inequalities and to ensure that everyone could benefit from growth. Headline facts on poverty in Europe were described in the Strategy, which (based on figures available at that time) included:

- 80 million people at risk of poverty, which is more than the population of the largest Member State, or 16.5% of the total population (figures from prior to the crisis),
- 19 million children at risk of poverty,
- 8% of people who work are still below the poverty line

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<sup>29</sup> The definitions differ somewhat: The Irish deprivation indicator is defined as enforced lack of two items from a set of 11 basic necessities; the EU deprivation indicator is defined as enforced lack of four items from a set of nine. There is also a difference in how the income concept is defined for the at risk of poverty indicator (Government of Ireland, 2011, p. 23).

<sup>30</sup> For example, Walker argues that ‘Joblessness’ arguably reduces the conceptual and policy coherence of the EU Target measure; it is more a cause of poverty than a characteristic, it is restricted to the working age population and, has even less overlap with low income and material deprivation than elsewhere. (Walker, 2011, p.16).

- With the economic crisis, the situation has worsened
- Young people, migrants and the low skilled have experienced the greatest increases in unemployment.

(European Commission, 2010, p.18; 2010b, p. 3-5)

One of the aims of the flagship initiative ‘European Platform against Poverty’ is to raise awareness of the fundamental rights of people experiencing poverty and social exclusion, enabling them to ‘live in dignity and take an active part in society’ (European Commission, 2010, p. 19). Action is envisaged from Member States to

- implement measures for people at particular risk such as one-parent families, older women, minorities, disabled people and homeless people,
- deploy social security and pension systems to ensure adequate income support and access to healthcare.

The European Economic and Social Committee has highlighted the need for policy coherence between economic, financial, employment and social measures in the Europe 2020 strategy with all contributing to social cohesion. In particular, the Committee has argued that austerity measures should not increase the risk of poverty and that there must be a stronger emphasis on reducing inequalities and enforcing fundamental human rights, including through fairer income distribution (European Economic and Social Committee, 2011).

Latest available figures (which are for 2013) suggest a large increase in the population experiencing poverty or social exclusion since the Europe 2020 Strategy was adopted. The rate for poverty or social exclusion, the combined indicator used in the Europe 2020 Strategy, was 24.5 percent in 2013 or 122.6million people – a rate that had decreased slightly since 2012. Amongst EU28 countries, the increase in those affected between 2010, when the Europe 2020 Strategy was adopted, and 2013 was 4.35million people (Eurostat 2014 **t2020\_50**). In its 2014 stock taking communication relative to the Europe 2020 Strategy, the European Commission concludes that as a consequence of the crisis, progress on reducing poverty and social exclusion has been very limited. Indeed, compared to the European target of lifting 20 million people out of poverty and social exclusion, even the aggregated national targets are less ambitious and correspond to reducing the number of people at risk of poverty or social exclusion only by around 12 million (European Commission 2014b, Annexe 2).

## **Ireland: Poverty**

During the first decade of this century Ireland saw progress on the issue of poverty driven by increases in social welfare payments, particularly payments to unemployed people, older people and people with disabilities. So the rate of poverty significantly declined between 2001 and 2009. However, the most recent data, which will be discussed below in more detail, indicates that poverty is again increasing. From a record low level in 2009, it has increased in each year since (to 2012 which is the latest year for which data are available from the CSO). This has been contributed to by recent budgetary policy which has reversed earlier social welfare increases.

In this section, we will first look at how Ireland is performing when analysed under the ‘poverty and exclusion’ indicator, and under the three constituent parts of this measure that make-up the poverty reduction target set under the Europe 2020 Strategy. We will then consider poverty in Ireland looking in more detail at some indicators commonly used in this country, including ‘consistent poverty’, the indicator used to frame Ireland’s national target under the Europe 2020

Strategy, before considering the situation of some groups (children and the working poor) whose positions are highlighted in the Europe 2020 Strategy. Linked to the issue of poverty is Ireland’s approach to income distribution, which we will look at next before finishing the Chapter with some recommendations.

Note that we use the latest figures available from Eurostat and the Central Statistics Office, which for Ireland are for 2012. It may be worth noting here that there are differences between the way some indicators are measured/calculated by Eurostat and by the Irish Central Statistics Office.

### **Ireland and the EU Poverty Indicators**

As we prepare this report, Ireland is the only country in EU28 whose figures on poverty for 2013 are not available through Eurostat. Therefore, the statistics given for Ireland relate to 2012, and the data would have been collected prior to that. Thus, a considerable a time lag relative to the statistics quoted must be acknowledged.

When we look at Ireland’s figures for those at risk of poverty or social exclusion (that is, the combined indicator used in the Europe 2020 Strategy), it has gone from 23.1 per cent in 2007 to 30 per cent in 2012, representing almost 1.4 million people by 2012. This is an increase of 373,000 people between 2007 and 2011 and 158,000 people between 2010 and 2012. See **Table 6**. It means that close to a third of the population is experiencing poverty or social exclusion, a proportion that has been increasing not decreasing since the adoption of the Europe 2020 Strategy.

**TABLE 6 IRELAND: POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION, 2005-2012**

	2005	2006	2007	2008	2009	2010	2011	2012
%	25	23.3	23.1	23.7	25.7	27.3	29.4	<b>30</b>
<b>Number of People</b>	1,038,000	991,000	1,005,000	1,050,000	1,150,000	1,220,000	1,319,000	<b>1,378,000</b>

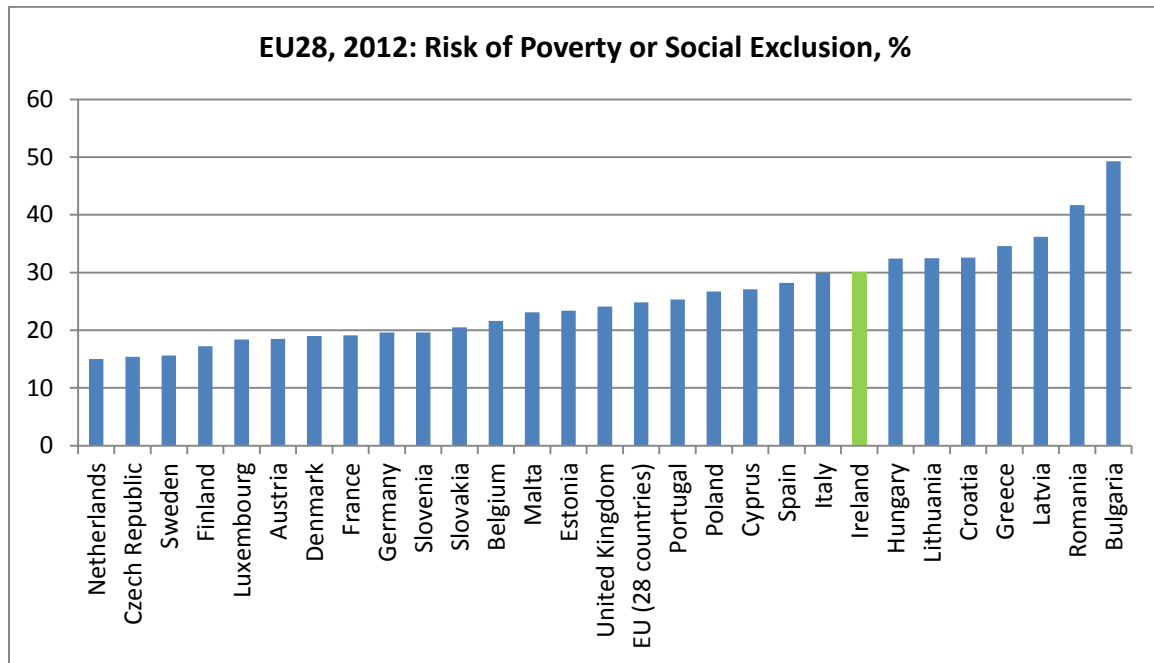
SOURCE: EUROSTAT, 2014, T2020\_50.

**Figure 12** shows that by 2012, at 30 per cent, Ireland had one of the highest rates of poverty or social exclusion in Europe, and considerably higher than the European average (of 24.8 per cent). In 2012 Ireland’s rate was exceeded only by Hungary, Lithuania, Croatia, Greece, Latvia, Romania and Bulgaria. Adding the populations affected by the three indicators puts Ireland’s rate at this very high level, particularly due to the high numbers captured by the low work intensity indicator compared to the European average (Department of Social Protection, 2011)<sup>31</sup>. The National Economic and Social Council has highlighted a distinguishing feature of

<sup>31</sup> The set of three indicators used for the EU 2020 Strategy correspond, with some compositional differences, with indicators used within Ireland (a relative income poverty line: ‘at risk of poverty’; material deprivation indicator based on inability to afford items from a list; and the consistent poverty measure, based on the overlap between the two), but the EU 2020 Strategy includes ‘low work intensity households’ as its third indicator. However, the Department of Social Protection has shown that essentially the same proportion of the population is covered – 26% in 2009 (Department of Social Protection, 2011, p. 263). It is not the practice in Ireland to combine the indicators to arrive at an overall

Ireland’s jobless households – or households with very low work intensity, to use the EU term - that is, the likelihood that they contain children, something that is associated with the inter-generational transmission of poverty. While fewer than 30 per cent of adults in jobless households live with children in other EU-15 countries, more than half do in Ireland at 56 per cent (NESCS 2014).

**FIGURE 12 EUROPE: PEOPLE AT RISK OF POVERTY OR SOCIAL EXCLUSION**



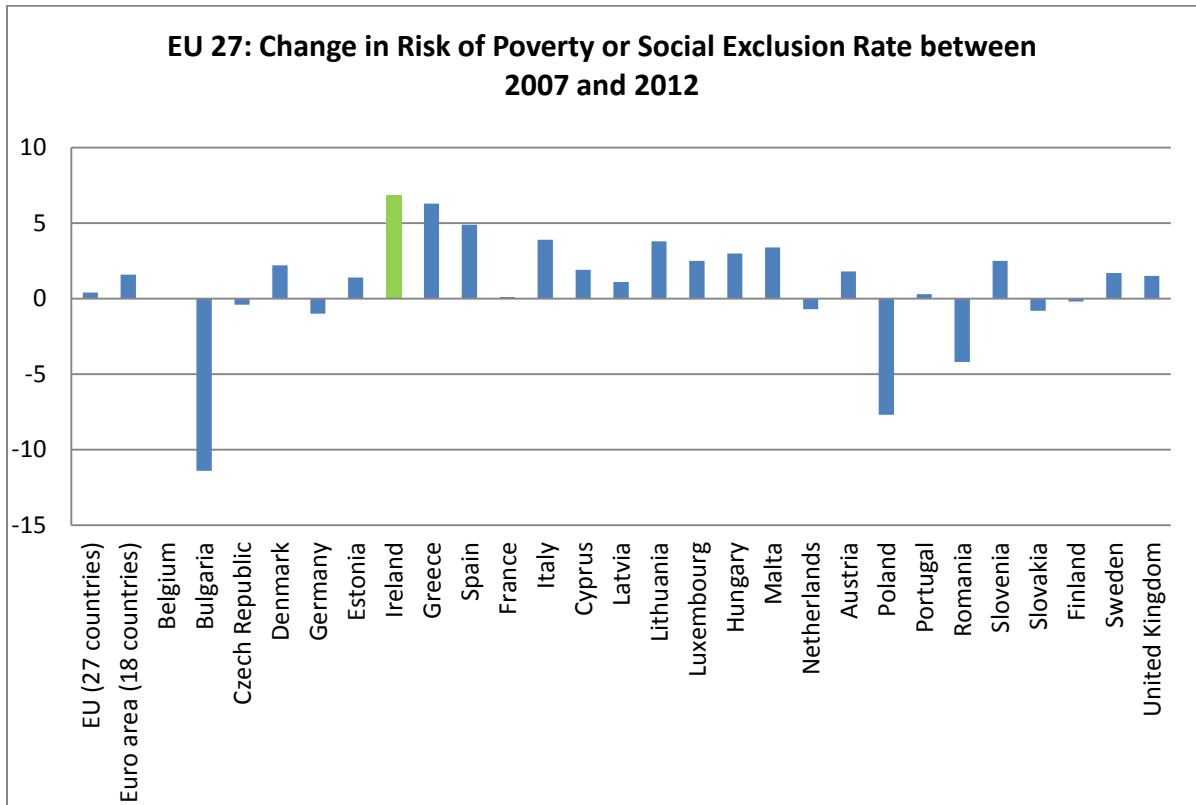
**Source:** Eurostat, 2014. T2020\_50 Note: 2012 is the latest year for which Irish rates are available from Eurostat

As **Figure, 13** shows, at 6.9 percentage points, Ireland had the biggest increase in the risk of poverty or social exclusion rate between 2007 and 2012<sup>32</sup> (followed by Greece at 6.3 percentage points) (Eurostat, 2014. T2020\_50).

figure for ‘poverty and exclusion’ a practice that has questionable outcomes (Walker, 2011) as already referenced.

<sup>32</sup> Remember that the rate for 2013 is not yet available for Ireland. Note also, no rate available for Croatia for 2007

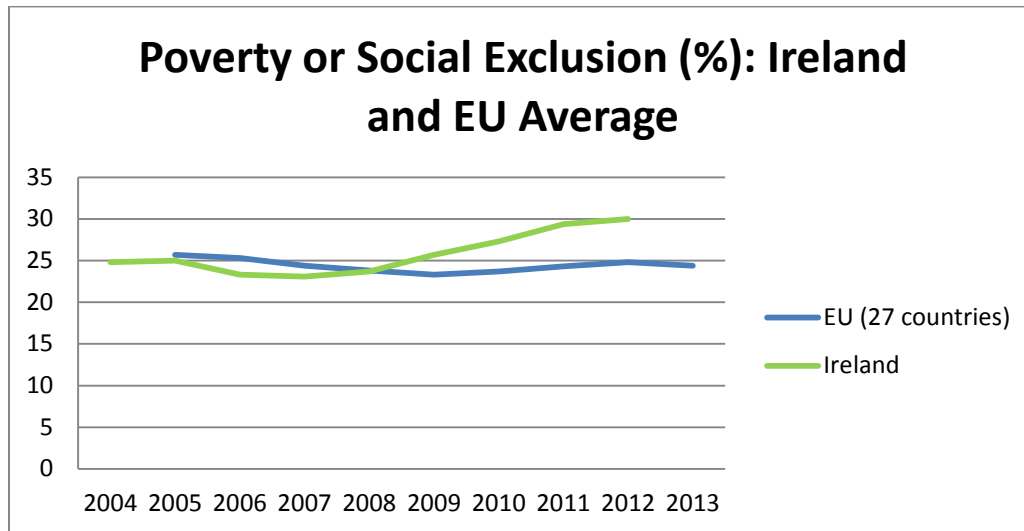
**FIGURE 13 EU 27: CHANGE IN RISK OF POVERTY OR SOCIAL EXCLUSION RATE, 2007-2012**



**Source:** Eurostat, 2014, t2020\_50

**Figure 14** shows how the risk of poverty or social exclusion rate in Ireland has increased since 2008 relative to the EU average.

**FIGURE 14 IRELAND AND EUROPE: PEOPLE AT RISK OF POVERTY OR SOCIAL EXCLUSION, 2005-2013**



**Source:** Eurostat, 2014, t2020\_50

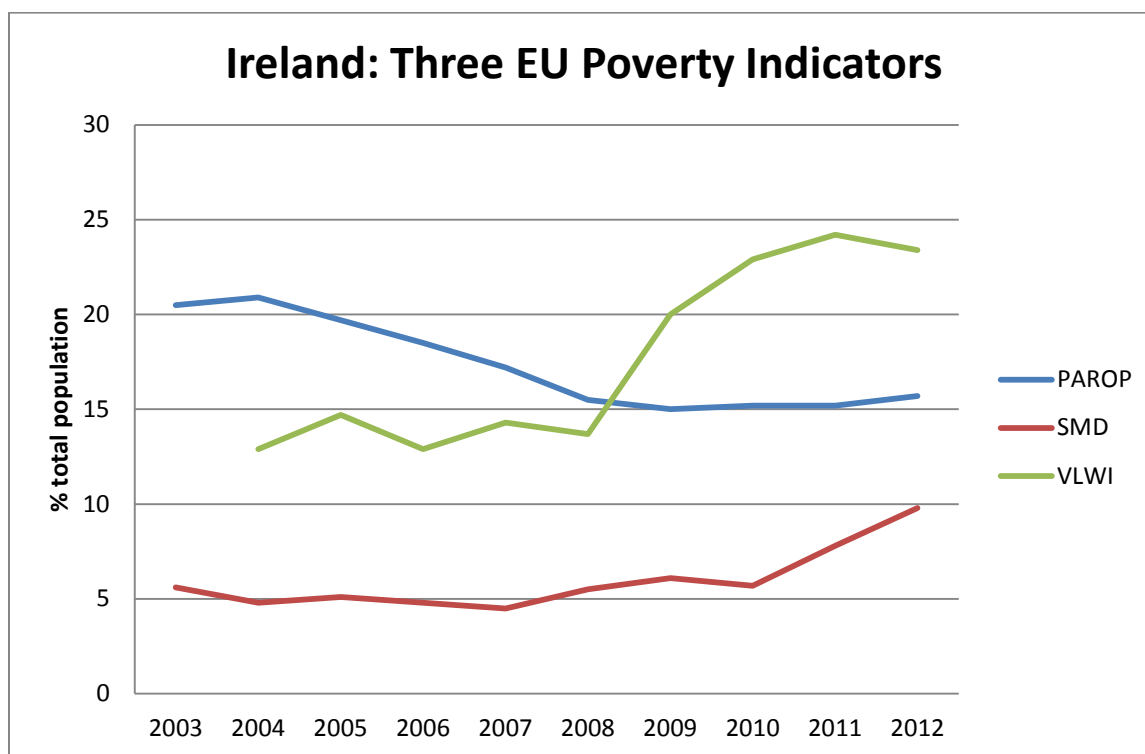
It is also possible to examine Ireland's performance in a European context under each of the separate indicators that make up the 'at risk of poverty and exclusion' indicator for the purpose of the Europe 2020 Strategy.

**Figure 15** shows the trajectory of the three poverty indicators used in the Europe 2020 Strategy as applied to the Irish situation. The indicators showing the greatest increase since the onset of the crisis are people in households with very low work intensity and people experiencing severe material deprivation.

From the early 2000s to 2009 a steady decrease in the rate of income poverty defined as people 'at risk of poverty' as measured by Eurostat, can be seen, with rates reaching a record low in 2009. The year 2008 marked the first time that Ireland's at risk of poverty levels fell below average EU levels as can be seen from **Table 7**. It is clear that this was driven by sustained increases in welfare payments in the years prior to 2008.



**FIGURE 15: THREE EU POVERTY INDICATORS IN IRELAND, 2003-2012**



**Source:** Eurostat, 2014 **t2020\_51, t2020\_52, t2020\_53**

PAROP: People at Risk of Poverty after Social Transfers (60% poverty line)

VLWI: People living in households with Very Low Work Intensity

SMD: People who are severely materially deprived

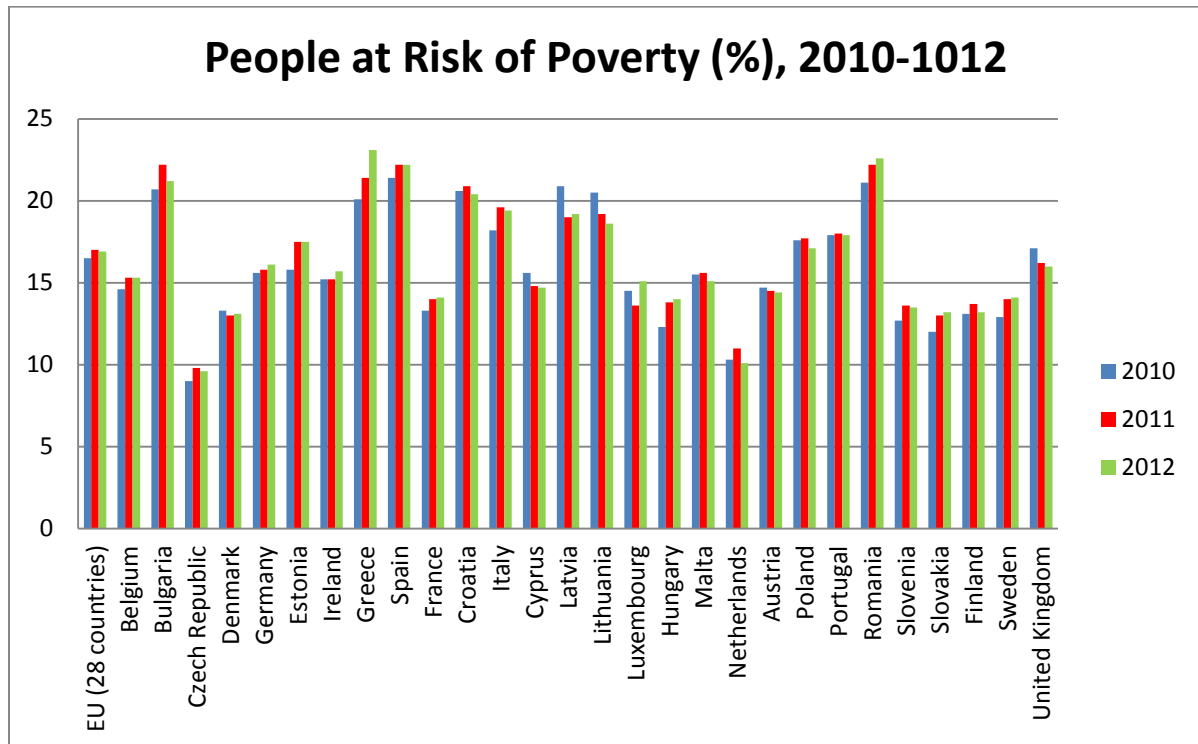
**TABLE 7: IRELAND AND EU (27) AVERAGE - PEOPLE AT RISK OF POVERTY, 2003-2012**

Ireland: People at risk of poverty (60% line) after social transfers: percentage of the total population – Ireland and European average										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>EU - 27</b>			16.4	16.5	16.5	16.5	16.4	16.9	16.9	<b>16.9</b>
<b>Ireland</b>	20.5	20.9	19.7	18.5	17.2	15.5	15	15.2	15.2	<b>15.7</b>

**Source:** Eurostat, 2014. **t2020\_52.**

Again using statistics that are comparable across Europe, **Figure 16** shows the proportion of the population at risk of poverty and how Ireland compares with other European countries. At 15.7 per cent, Ireland’s rate has risen marginally since 2011 but is still below the EU 27 average. The rate puts Ireland 15<sup>th</sup> out of EU28 countries.

FIGURE 16 : EU 28 PEOPLE AT RISK OF POVERTY, 2010-2012



Source: Eurostat, 2014, t2020\_52. Shows people at risk of poverty after social transfers (60% poverty line).

### Ireland: A Closer Look at Poverty

When we turn to examine the poverty rates available from the Irish CSO the first thing to acknowledge are slight differences from the figures given above from Eurostat. In particular, the at-risk-of-poverty measure generates different results at EU and national levels as a result of differences in the definition of gross income. The EU definition does not include income from private pensions or the value of goods produced for own consumption. Also employers' social insurance contributions are included in the national definition of gross income but are excluded from the EU definition (Department of Social protection, 2013).

Using the CSO statistics, it is possible to see that 16 out of every 100 people in Ireland were living in poverty in 2012 (that is using a poverty line set at 60 per cent of median income). See **Table 8**, below. The table shows that the rates of poverty decreased significantly after 2001, reaching a record low in 2009. These decreases in poverty levels were welcome. They were directly related to the increases in social welfare payments delivered over the Budget's spanning these years. However poverty increased again from 2010 as the effect of budgetary changes to welfare and taxes, as well as wage reductions and unemployment, drove more low income households into poverty. **Table 8** also shows the significant numbers of people affected amounting to 756,591 people in 2012.

**TABLE 8 IRELAND: POPULATION BELOW THE 60% POVERTY LINE, 1994-2012**

The 60% income poverty line, 1994-2012									
	1994	1998	2001	2005	2007	2009	2010	2011	2012
<b>60% line</b>	15.6	19.8	21.9	18.5	16.5	14.1	14.7	16.0	16.5
<b>No.s of People</b>	559,400	733,214	842,537	764,753	722,007	639,209	669,556	731,984	756,591

**Source:** Social Justice Ireland 2014a; CSO (2013;2014f) and Whelan et al (2003), using national equivalence scale; numbers of people calculated using CSO online database population estimates

**Note:** All poverty lines calculated as a percentage of median income.

It is of concern that, following significant improvements in poverty levels from 2001 on, between 2009 and 2012 the poverty rate increased again from 14.1 per cent (2009) to 16.5 per cent (2012). This is associated with the onset of the recession and its associated implications for incomes (earnings and welfare). The numbers of people in poverty has increased by 117,382 since 2009.

When we look at the income level at which someone lives in poverty (60 per cent line), the income poverty line for a single adult would have been €10,621 per annum in 2012 (or €203.70 per week) which had dropped from €11,133 in 2011 and from €12,409 in 2008) (CSO 2014f). Updating this figure to 2014 levels<sup>33</sup>, produces a relative income poverty line of €202.21 for a single person (Social Justice Ireland 2014a). Thus any adult living on less than €202.21 per week will be counted as being at risk of poverty – one immediate implication of this analysis is that most weekly social assistance rates paid to single people are €14.21 below the poverty line<sup>34</sup>.

Recent increases in the rate of poverty have to be seen in this context – even with a lower poverty line, poverty has notably increased. In other words the poverty rate grew even though incomes declined overall meaning that median income declined and the threshold at which people are counted as at risk of poverty declined in line with it.

<sup>33</sup> Using published CSO data on the change in average earnings in 2013 (-0.73 per cent) and ESRI projections for 2013 and 2014 (+0.00 per cent in both years) (Social Justice Ireland 2014a).

<sup>34</sup> For example, Jobseeker’s Allowance for a single person is €188 per week since Jan 2012, and while the Fuel allowance (€20 per week) is generally paid to those on Jobseekers Allowance, since Budget 2012, this is only for 26 weeks per year, and only one allowance is paid per household, which means that not everyone on Jobseekers Allowance gets it. The Jobseeker’s Allowance rate for those aged 22-24 is €144; and that for those aged 18-21 is €100 – these rates leave people way below the at risk of poverty rate. Information: Citizens’ Information Board.

Some 13 per cent of Ireland's adults who have an income below the poverty line are employed.

It is clear that people who live below the poverty line face difficulty in achieving '*a standard of living that is regarded as acceptable by Irish society generally*', one of the hallmarks of life in poverty as defined in the Irish Anti-Poverty Strategy (1997).

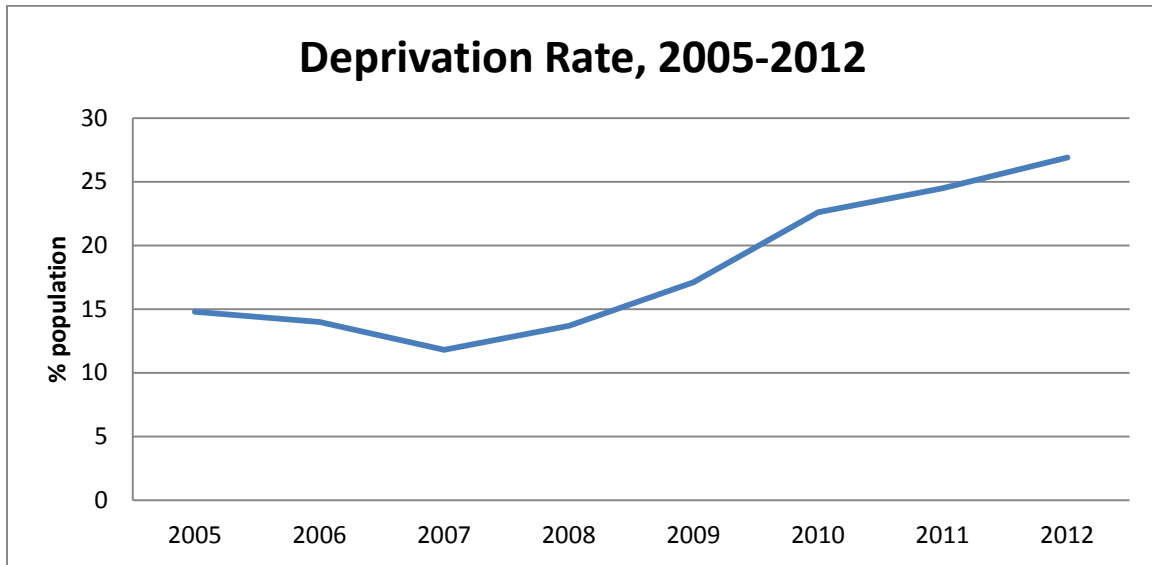
Without the social welfare system 50 per cent of the Irish population would have been living in poverty in 2012 (CSO, 2014f). Such an underlying poverty rate suggests a deeply unequal distribution of direct income. In 2012, the relative income poverty rate of 16.5 per cent reflects the fact that social welfare payments reduced poverty by almost 34 percentage points.

We can also look at other measures of poverty such as the deprivation rate – defined by the CSO as enforced lack of two or more out of 11 basic necessities<sup>35</sup>. While *Social Justice Ireland* and others have expressed reservations about the measures of deprivation being used, the trends are informative as **Figure 17** shows. Since 2007 (when it was 11.8 per cent) the deprivation rate has more than doubled. According to the CSO (2014f), 26.9 per cent of the population experience deprivation at this level in 2012, which represents 1.2million *people* (Department of Social Protection, 2014a). Most notable have been increases in the numbers unable to afford new clothes, those going without heating at some stage of the year, unable to afford a morning, afternoon or evening out in the last fortnight and unable to replace any worn out furniture. Amongst those living on an income below the poverty line, almost half (46.8 per cent) experience deprivation of two or more items.

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<sup>35</sup> Households that are excluded and marginalised from consuming goods and services which are considered the norm for other people in society, due to an inability to afford them, are considered to be deprived. The identification of the marginalised or deprived is currently achieved on the basis of a set of eleven basic deprivation indicators: Two pairs of strong shoes, A warm waterproof overcoat, Buy new (not second-hand) clothes, Eat meat with meat, chicken, fish (or vegetarian equivalent) every second day, Have a roast joint or its equivalent once a week, Had to go without heating during the last year through lack of money, Keep the home adequately warm, Buy presents for family or friends at least once a year, Replace any worn out furniture, Have family or friends for a drink or meal once a month, Have a morning, afternoon or evening out in the last fortnight for entertainment (CSO 2014f)

FIGURE 17 DEPRIVATION RATE, 2005-2012



Source: CSO 2014f, p 19

There is evidence that the depth of poverty is worsening in Ireland in recent years – this is evident from the ‘at risk of poverty gap’, which assesses how far below the poverty line the income of the median (middle) person in poverty is. The size of that difference is calculated as a percentage of the poverty line and therefore represents the gap between the income of the middle person in poverty and the poverty line. The higher the percentage figure, the greater the poverty gap and the further people are falling beneath the poverty line. CSO SILC results show that the poverty gap was 20.3 per cent in 2012, a rate that had deteriorated from 16.2 per cent in 2009 (CSO 2014f).

Food poverty (as measured by an enforced lack of one of three food deprivation items) was experienced by 11.8 per cent of the population in 2012 (Department of Social Protection 2014a).

For its part, Government has recognised that people in jobless households experience high levels of basic deprivation and consistent poverty, and the adoption of a new sub-target relating to jobless households is proposed, although the specifics have yet to be finalised. In terms of response, the 2015 Budget did not increase primary social welfare rates which means in effect, a cut in the real value of social welfare payments due to increases in prices (average prices have increased by 5.43 per cent since 2010) (Social Justice Ireland, 2014). According to the Department of Social Protection, real equivalised weekly social transfers as a proportion of gross income declined between 2011 and 2012, from 27.1 per cent to 26.7 per cent. Groups experiencing the highest declines in their real mean equivalised disposable income included those unemployed (-9.1 per cent), ill or disabled (-10.1 per cent) and single adults aged 65 years and over (-8 per cent) (Department of Social Protection 2014a, p 31).

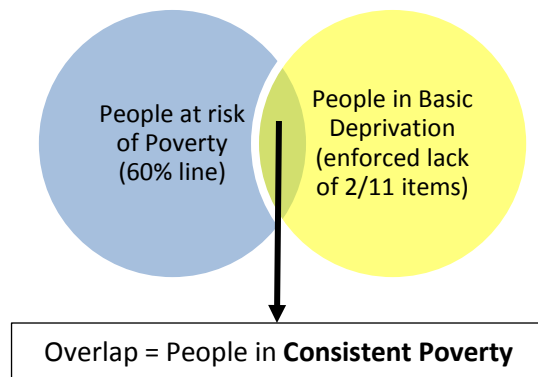
The 2014 National Reform Programme includes reference to changes in the One-Parent Family payment to which greater conditionality is attached and to activation measures aimed at the long-term unemployed (Government of Ireland 2014 p.50). But conditionality and activation measures alone do not create jobs, nor do they address mismatches between skills sets and available jobs nor indeed do they address gaps in basic educational and literacy levels amongst long-term unemployed people that prevent them entering today's jobs market. The issue of child-care is also a significant barrier to employment for many lone parents.

### Consistent Poverty

As already mentioned, the Irish target under the National Reform Programme is stated in terms of 'consistent poverty', an indicator that combines the 'at risk of poverty' and 'deprivation' indicators, calculating the proportion simultaneously experiencing both. Thus, it identifies a sub-group of the people experiencing poverty. See **Figure 18**. As set out at the start of this Chapter, the current national target is

*'reduce consistent poverty to 4% by 2016 (interim target) and to 2% or less by 2020, from the 2010 baseline rate of 6.3% and..... to reduce by a minimum of 200,000 the population in combined poverty (either consistent poverty, at-risk-of-poverty or basic deprivation).'*

**FIGURE 18 DIAGRAM: CONSISTENT POVERTY**



**TABLE 9 IRELAND: RATES OF CONSISTENT POVERTY, 2006-2011**

Ireland: Consistent Poverty Rates,							
	2006	2007	2008	2009	2010	2011	2012
%	6.6	5.1	4.2	5.5	6.3	6.9	7.7
Numbers of people			186,000	245,000	277,000	315,000	353,000

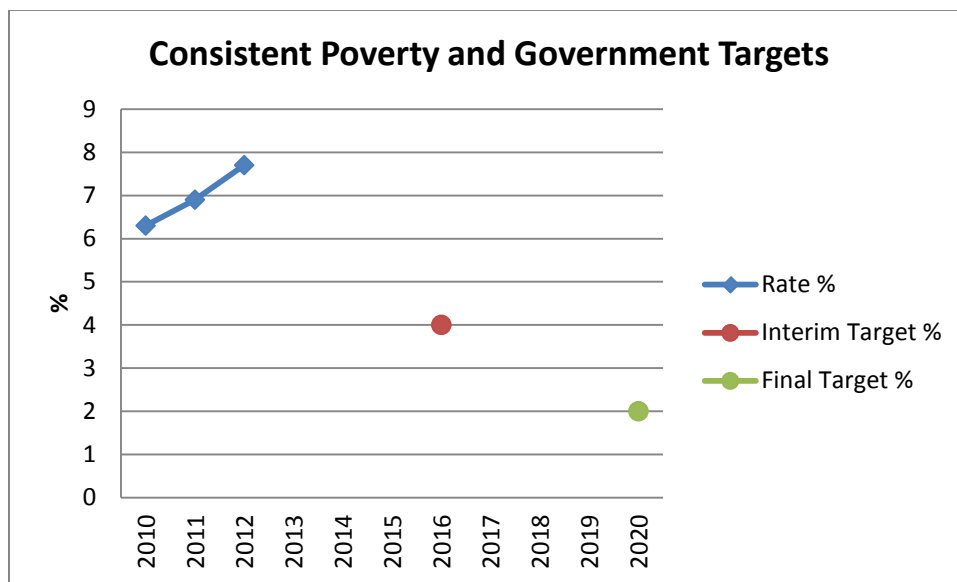
**Source:** Rates in %: CSO, 2014f; Numbers of People, 2008 & 2010: Government of Ireland, 2012, p15; 2009 and 2012: Department of Social Protection, 2011, p. 24; 2014a; 2011: Healy *et al*, 2014.

As already mentioned, the 2011 SILC data indicates the ‘at risk of poverty’ rate increased to 16.5 per cent in 2012 (from 14.1 per cent in 2009), while the deprivation rate in 2012 has shown a very significant increases in recent years; it was 26.9 per cent in 2012 (up from 11.8 per cent in 2007) (CSO, 2014f, p 19).

When we look at the rates of consistent poverty, we find that in 2012, 7.7 per cent of the population was affected by it, an increase from 6.9 per cent in 2011 and from 4.2 per cent in 2008 (CSO, 2014f; Social Justice Ireland 2014a). See **Table 9**. The 2012 rate of 7.7 per cent means that there is a significant divergence (of 3.7 percentage points) from Government’s 2016 interim target (4 per cent).

In terms of the population, the 2012 figures indicate that approximately 353,000 people live in consistent poverty (Department of Social Protection 2014a). The rate is highest amongst the unemployed and those not at work due to illness or disability, and, in terms of household composition, individuals living in households where there was one adult and one or more children (under 18) continued to have the highest consistent poverty rate (CSO 2014f). Overall, those in consistent poverty represent very high numbers of people. It is not clear how the revised Government target will be reached given the upward trajectory of the rate combined with budgetary policies. See **Figure 19**. Over time, the reality of the current recession and austerity measures in response to it are pushing Ireland further away from these targets.

**FIGURE 19 CONSISTENT POVERTY AND GOVERNMENT TARGETS**



**Source:** Social Inclusion Monitor (Department of Social Protection 2014a, p. 14)

The Government’s Social Inclusion Monitor notes that over 80 per cent of those in consistent poverty are living in households with no work. This includes those long-term unemployed, disadvantaged youth and those furthest from the labour market including lone parents, people

with disabilities and carers in the home or those on home duties (Department of Social Protection 2014a). Consistent poverty is found to be more prevalent in Border, South-East and South-West regions as well as in small and medium towns (Department of Social Protection 2014a).

### **Child Poverty**

Childhood poverty is recognised within the Europe 2020 strategy as constituting a significant proportion of those in Europe in poverty (European Commission, 2010). The European Social Protection Committee highlights how child poverty can have long-term detrimental impacts on educational achievement and future life chances and how in some countries fiscal consolidation measures affect benefits that are important for families (The Social Protection Committee, 2011b). In February 2013, the EU Commission issued a recommendation on child poverty and well-being called *Investing in Children: Breaking the Cycle of Disadvantage*, which recognised that children are more susceptible to poverty than the overall population.

Child poverty is measured as the proportion of all children aged 17 or younger that live in households with an income below the 60% of median income poverty line. In Ireland almost one in every five children (18.8 per cent of all those aged 0-17 years) lived in households with incomes below the poverty line in 2012 (CSO 2014f). According to UNICEF (2014), Ireland has had one of the highest increases in child poverty rates from 2008 to 2012 (anchored in 2008) coming in 37<sup>th</sup> place out of 41 EU and OECD countries.

The deprivation rate for children is also relatively high - 32.2 per cent in 2012 - as compared with a rate of 27.2 per cent for adults aged 18-64 (CSO 2014f).

A paper funded by the Department of Social Protection in 2012 used EU SILC data to examine how to construct a food poverty indicator for Ireland (Carney & Maitre, 2012). This research found that 10 per cent of the population in Ireland was living in food poverty; the rate of food poverty increased to 18 per cent for households with three or more children and 23 percent for lone parent families.

**TABLE 10 CHILDREN - RATES FOR RISK OF POVERTY AND CONSISTENT POVERTY**

#### **Risk of Poverty Rate among Children (0-17) in Ireland, 2006-2012**



Year	2006	2007	2008	2009	2010	2011	2012
Rate (%)	19.0	17.4	18.0	18.6	18.4	18.8	<b>18.8</b>
<b>Consistent Poverty Rate among Children (0-17) in Ireland, 2009-2012</b>							
Rate (%): Children,				8.7	8.8	9.3	<b>9.9</b>

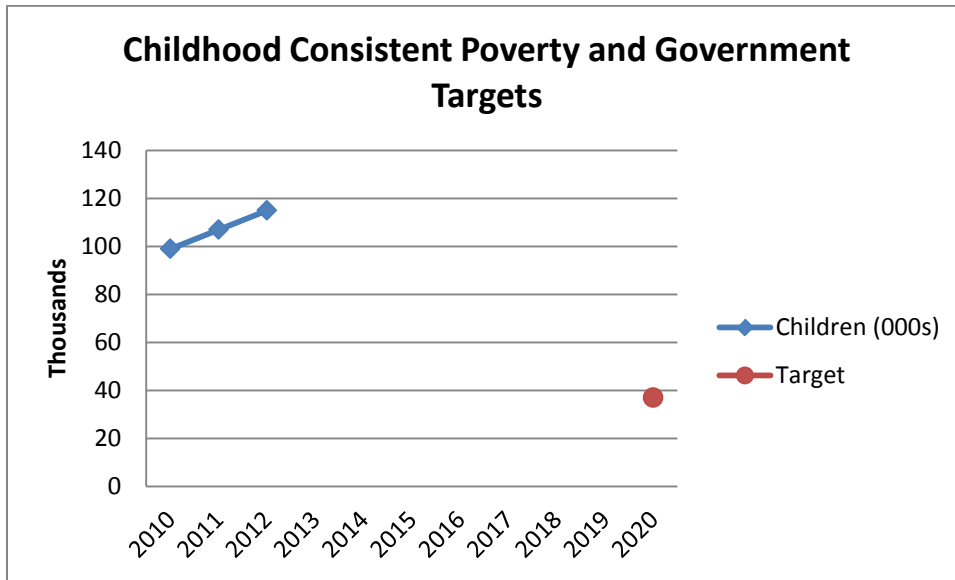
**Source:** Risk of Poverty Rates: 2006-2009: Healy *et al*, 2012, based on various editions of CSO, SILC reports; 2006 and 2007 data exclude SSIA effect. 2010-2012: CSO, 2013; CSO, 2014f. Numbers of Children at risk of poverty: Healy *et al*, 2014, calculated using CSO SILC reports, 2013 and 2006. Consistent Poverty Rate: CSO, 2013; CSO, 2014f; Numbers in Consistent Poverty: Department of Social Protection, 2014a.

As already stated, the new child poverty sub-target is expressed in terms of consistent poverty:

*to lift over 70,000 children (0-17 years) out of consistent poverty by 2020, a reduction of at least two-thirds on the 2011 level.*

The consistent poverty rate for children was 9.9 per cent in 2012 – which is higher than the rate for adults (7.8 per cent being the consistent poverty rate for those aged 18-64 years) (CSO 2014f). It represents 115,000 children (Department of Social Protection 2014f) and, as **Table 10** and **Figure 20** show, it has disimproved significantly in recent years. The consistent poverty rate for households with children in 2012 was 9 per cent compared to 5.9 per cent for non-child households and a strong link is made between consistent poverty of children and unemployment (Department of Social Protection 2014f). Thus, as can be seen from **Figure 20**, Ireland is regressing rather than progressing towards meeting its sub-target for reducing child poverty.

**FIGURE 20 CHILDHOOD CONSISTENT POVERTY AND GOVERNMENT TARGETS**



**Source:** Social Inclusion Monitor (Department of Social Protection 2014a, p. 15).

**Note:** 2011 is set as the baseline year – thus the target is to reduce the numbers of those in poverty by 70,000 from 107,000.

In the opinion of *Social Justice Ireland*, this situation is not acceptable in human terms. Furthermore, the fact that such a large proportion of our children are living below the poverty line and in consistent poverty has obvious implications for the education system, for the success of these children within it, for their future job prospects and for Ireland’s economic potential in the long-term.

The Government has taken some positive measures such as the introduction of a national policy framework for children (*Better Outcomes: Brighter Futures – The National Policy Framework for Children and Young People, 2014-2020*), which includes a recognition that access to quality services are especially important during childhood and envisages a whole of government approach which is potentially significant. Also, an increase in Child Benefit in Budget 2015 has been welcomed by *Social Justice Ireland*. However, the reality remains that continued cuts and austerity measures are eroding the social infrastructure and impacting upon community based programmes. Child benefit remains a key route to tackling child poverty, and is of particular value to families on the lowest incomes. A number of measures in successive budgets such as cuts in child payments are of concern, and on foot of these policies it seems likely that child poverty will increase further over the next few years – a major setback in an area where the State already has a dismal record.

**Working Poor**

We have already discussed the issue of the working poor in the context of employment in **Chapter 2**. Having a job is not, of itself, a guarantee that one lives in a poverty-free household. An analysis of CSO SILC data suggests that some groups who have a high risk of poverty (such as people who are ill/disabled) involve much smaller numbers of people than groups such as adults

who are employed (the working poor), or people on home duties (Healy *et al*, 2014). In fact 12.6 per cent of Ireland's adults who have an income below the poverty line were employed in 2012 (CSO 2014f: Table 8). Over 20 per cent of those experiencing deprivation (as defined by the CSO, and explained above) were at work in 2012 as were over 8.6 per cent of those in consistent poverty (CSO 2014f).

As mentioned in **Chapter 2**, recent findings from the OECD suggest that Ireland one of the worst incidence of low pay amongst OECD member countries (OECD 2014).

This is an issue which policy-makers must begin to address. Policies which protect the value of the minimum wage, and that attempt to keep those on that wage out of the tax net are important. Similarly attempts to increase awareness amongst low income working families of their entitlement to the Family Income Supplement (FIS) are welcome; although evidence suggests that FIS is experiencing low take-up, and as such has questionable long-term potential.

However, one of the most effective mechanisms available within the present system to address this problem would be to make tax credits refundable, a proposal that we will outline at the end of this Chapter.

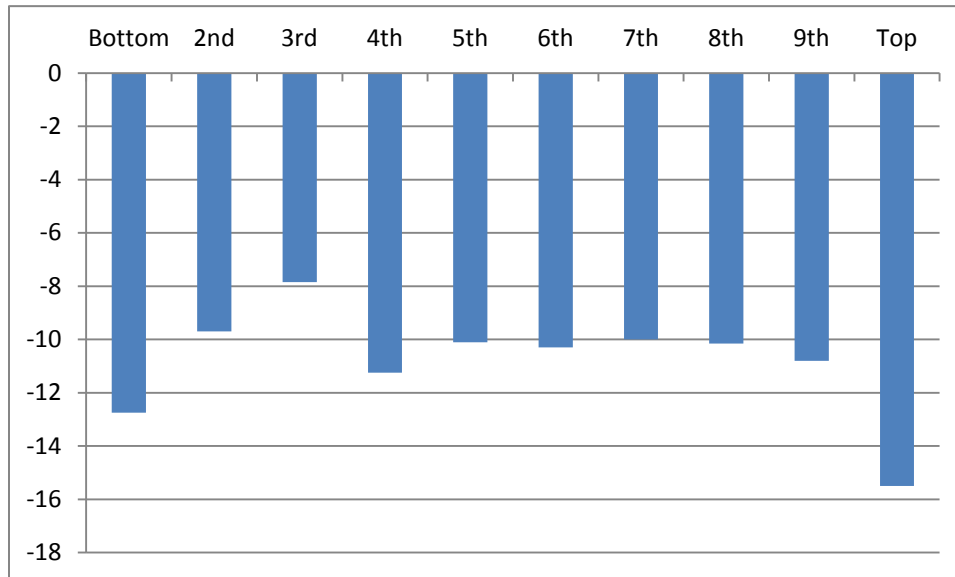
### **Incomes in Ireland**

Since 2008 there have been nine fiscal adjustments and some €31billion directly removed by Government from the economy through either tax increases or spending cuts (Social Justice Ireland 2014a). We noted above that Ireland's structural problem with poverty suggests a deeply unequal distribution of direct income. Furthermore, Ireland's poor have been hardest hit during the recession.

A recent report from the ESRI (Keane *et al* 2014) found that the combined impact of budgetary policy changes since October 2008 has resulted in reduced incomes for all income groups, but that the percentage losses were greatest for those with the highest and lowest incomes. See **Figure 21**. In particular:

- Households with the highest incomes (the top 10 per cent) saw losses of about 15½ per cent, mainly from tax increases and reductions in public service pay,
- Households on the lowest incomes (households with incomes in the lowest 10 per cent) saw their incomes fall by close to 13 per cent.

**FIGURE 21 IMPACT BUDGETARY POLICY 2009-2015**



**Source:** Keane *et al* 2014, p9. Percentage Change in Disposable Income by Income Decile

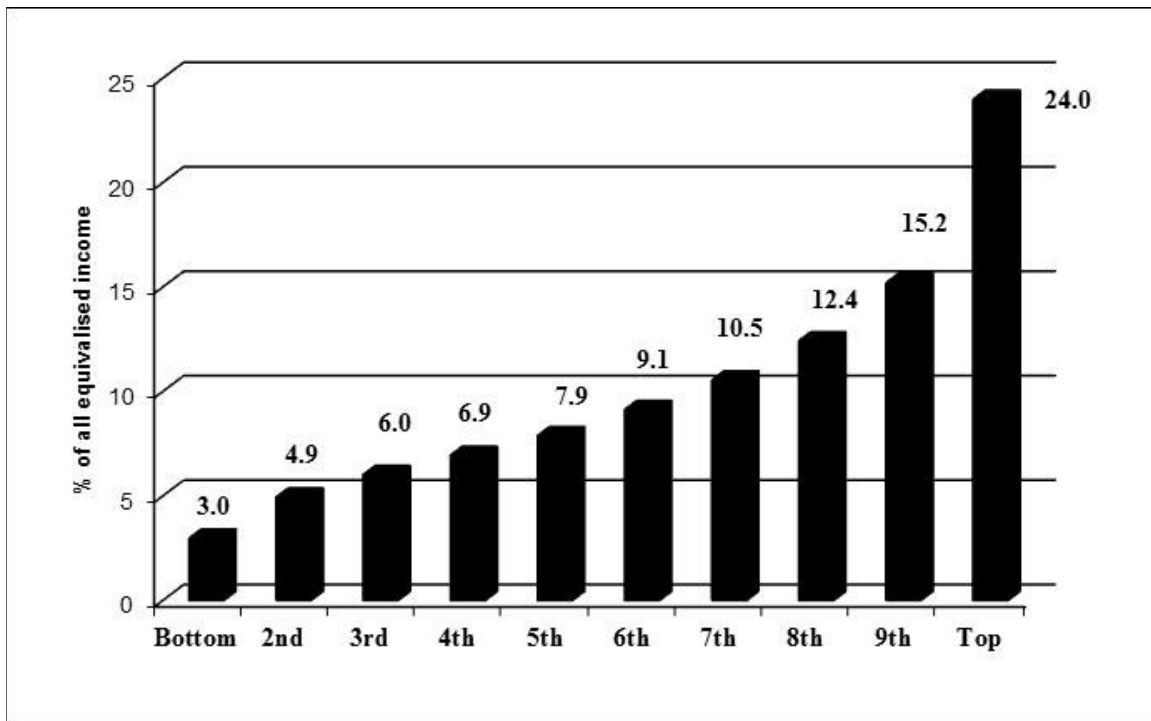
Analysis at family unit level reveals that the greatest proportionate losses imposed by Budgets 2009 to 2015 were for single unemployed people reflecting the substantial cuts in welfare payment rates for young unemployed people. The report did not attempt to measure the impact of cuts in public services – something whose impact on different households is complex and difficult to measure. However, cuts in public services tend to disadvantage poorer households who do not have incomes to compensate.

Furthermore, this report found that Budget 2015 will have its greatest impact – a reduction of 1 per cent in net household income – on the 10 per cent of households with lowest incomes. This confirms the analysis of Budget 2015 by *Social Justice Ireland* (2014) in its finding that Budget 2015 was the fourth regressive budget in a row and that it widened the rich-poor gap.

Another ESRI study (Maitre, Russell and Whelan 2014) measured financial stress of households. The study found that those on the lowest incomes, including those living below the poverty line and those just above it experienced the highest levels of financial stress during two periods – 2004 to 2008, and 2009 to 2011. Like all other groups in this population, the levels of financial stress were greater in the period since 2008.

The most recent data on Ireland’s income distribution, from the 2012 SILC survey, is summarised in **Figure 22**. It examines the income distribution by household deciles, starting with the 10 per cent of households with the lowest income (the bottom decile) up to the 10 per cent of households with the highest income (the top decile). The data presented is for disposable income. This is the amount of money households have to spend after they have received any employment/pension income, paid all their income taxes and received any welfare entitlements.

**FIGURE 22: IRELAND: EQUIVALISED INCOME DISTRIBUTION BY 10% (DECILE) GROUP, 2012**

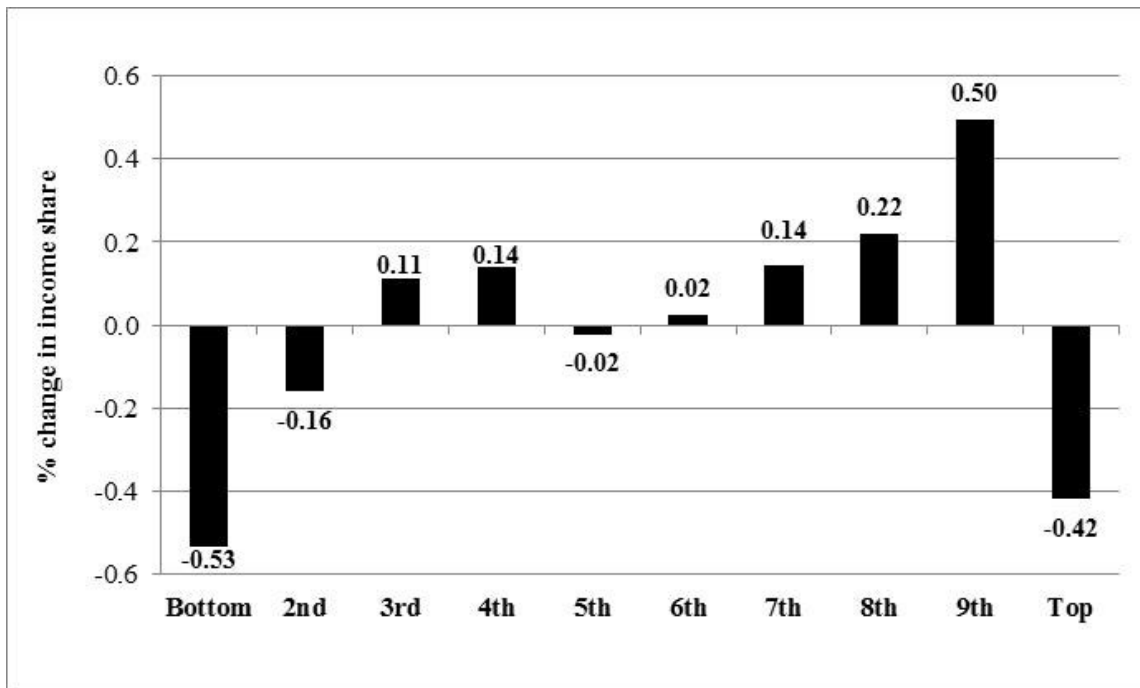


**Source:** Social Justice Ireland 2014a based on CSO 2014f

In 2012 the top 10 per cent of Irish households received 24 per cent of the total income while the bottom decile received 3 per cent. Collectively the poorest 60 per cent of households received a very similar share (37.9 per cent) to the top 20 per cent (39.1 per cent). Overall, the share of the top 10 per cent is more than 8 times the share of the bottom 10 per cent.

Income distribution data for the last few decades suggested that the overall structure of that distribution has been largely unchanged. Since 2008 incomes have fallen for all, but the impact of the recession has been felt in different ways by different people/households as already discussed above. The changes to income shares received by deciles has been small and it has been concentrated at both ends of the income distribution; with in particular the bottom and top decile experiencing declines in their shares of total income. See **Figure 23**.

**FIGURE 23 CHANGE IN DECILE SHARES OF EQUIVALISED DISPOSABLE INCOME, 2008-2012**



**Source:** Social Justice Ireland 2014a based on CSO 2014f

If these income divides are to be addressed, Government policy must prioritise those at the bottom of the income distribution. Otherwise, these divides will persist for future generations and perhaps widen.

### **Poverty in Ireland: *Social Justice Ireland* Response**

*Social Justice Ireland* has welcomed the increased attention given to the issue of poverty and exclusion by inclusion of a target in the Europe 2020 Strategy. High rates of poverty and income inequality require greater attention than they currently receive. Tackling these problems requires a multifaceted approach with action on many fronts including healthcare and education, accommodation and employment. However, the most important requirement in tackling poverty is the provision of sufficient income to enable people to live life with dignity.

Ireland is currently moving further away from its Europe 2020 poverty target and indeed from its new sub-target relative to childhood poverty. Some headline statistics (from 2012, the latest available) already highlighted above include:

- Over 756,000 people in Ireland are living in poverty (income poverty, 60% line),
- Of this number over 220,000 are children,
- Nearly 13 per cent of those who are below the poverty line are employed,
- The percentage of people in consistent poverty continues to rise and represents over 350,000 people,
- 115,000 children experience consistent poverty,

- Deprivation is rising – the rate has almost doubled between 2007 and 2012
- Budgetary policy changes since October 2008 have resulted in the greatest losses for those with the highest and the lowest incomes and the latest Budget will have its greatest impact on the 10 per cent of households with lowest incomes
- 1.3million people are at risk of poverty or social exclusion using the combined indicator used as part of the EU2020 Strategy

We have already expressed regret that in 2012 the Irish Government revised down the headline target for poverty reduction that had been contained in the 2011 National Reform Programme. This highlights the Government's lessening commitment to reducing poverty as well as its failure to protect those that are vulnerable in Irish society in these difficult times. We have indicated before, that it is imperative that the Government address the issue of establishing new subsidiary targets for vulnerable groups. Adoption of a new target for childhood poverty is welcome.

Similarly the announcement of a sub-target relative to jobless households is welcome, but the delay in introducing it is regrettable and this must now be addressed. Furthermore, actions intended to reduce the numbers of jobless households must take account of the issues highlighted by the National Economic and Social Council (2014). These include the diversity of household types and the need for participation and activation measures to extend beyond those on the Live Register and those classified as long-term unemployed to include responses such as: adult literacy, child development, family supports, addiction services, disability services, housing, education and training, public employment, community employment, and so on, as well as engagement with employers

The introduction of a Social Inclusion Monitor is to be welcomed alongside the development of new monitoring tools and other efforts to better monitor social impacts by the Social Inclusion Division in the Department of Social Protection. However, it is not clear how these efforts can impact in advance of decisions being implemented in Annual Budgets. Unless monitoring of poverty and measures to tackle it are supported by Government decisions taken in all Departments and at the highest levels, then Ireland will continue to fail to make progress towards achieving its poverty reduction targets.

Furthermore, the time-lag in publication of poverty statistics by the Central Statistics Office is unhelpful in the facilitating the monitoring of social impacts - which means, for example, that the Social Inclusion Monitor published in 2014 deals with CSO SILC statistics from 2012 and with a reference period that is even earlier .

When it comes to poverty indicators, a measure of persistent poverty is long overdue and a crucial missing piece in society's knowledge of households and individuals on low incomes. 'Persistent poverty' is another measure of poverty developed at EU level (as part of the Laeken process) which measures those below the 60% median income line in the current year and for two of the previous three years (thus measuring those who experienced a sustained exposure to poverty). To date the detail of this is not included in the CSO SILC surveys for Ireland, although some data is available for 2009 - preliminary figures that indicate that more than half of those in poverty had been in poverty for a number of years. They imply that most of Ireland's poor are long-term poor, and that poverty in Ireland is a structural problem which requires focused

policies to reduce it. *Social Justice Ireland* believes that this data should be used as the primary basis for setting poverty targets and monitoring changes in poverty status. Existing measures of relative and consistent poverty should be maintained as secondary indicators. As the persistent poverty indicator will identify the long-term poor, we believe that the CSO should produce comprehensive breakdowns of those in persistent poverty, similar to the approach it currently takes with relative income poverty. If there are impediments to the annual production of this indicator, they should be addressed and the SILC sample augmented if required.

In recent Budgets, there has been a tendency (which is welcome) not to cut basic welfare rates. However, some rates of welfare are already well below the poverty line. Furthermore, if Government continues to pursue other policies that reduce the income and living standards of the groups most at risk in Irish society, there is no doubt that poverty, social exclusion and inequality will continue to grow. If poverty rates are to fall in the years ahead, *Social Justice Ireland* believes that the following is required:

- Benchmarking of social welfare payments,
- Equity of social welfare rates,
- Adequate payments for children,
- Refundable tax credits,
- A universal state pension, and
- A cost of disability payment.

Amongst the actions needed are improved poverty reduction targets (see below), examination of and adoption of viable, alternative policy options aimed at giving priority to protecting vulnerable sectors of society, in-depth social impact assessments prior to implementing proposed policy initiatives that impact on the income and public services that many low income households depend on. This should include the poverty-proofing of all public policy initiatives. Also needed are substantial new measures to address long-term unemployment including programmes aimed at retraining and re-skilling those at a highest risk. Government should also make tax credits refundable to address the situation of households in poverty which are headed by a person with a job (see below) and should introduce a cost of disability allowance to address the poverty and social exclusion of people with a disability.

*Social Justice Ireland* also supports using the persistent poverty indicator as the primary indicatory of poverty measurement.

Finally, *Social Justice Ireland* recommends moving towards a basic income system which has the capacity to ensure that all members of society have sufficient income to live life with dignity.

*Social Justice Ireland* presented to the government a series of alternative proposals which would have ensured that the most vulnerable would not have been disproportionately impacted upon by austerity measures. However, the opposite has occurred:

- Government decisions are failing to support the social infrastructure that sustains the delivery of services to vulnerable groups and those on the margins, such as the many public services provided by Community and Voluntary organisations.
- Budgetary decisions may provide a short-term gain or saving but have huge negative long-term consequences. There does not seem to be an assessment of what the long term impacts of the cuts to services and service reductions will mean for Ireland in ten years' time.



- Those who are poor and/or vulnerable are bearing an inordinate part of the burden of restructuring. Such a development is an extraordinary indictment of government’s decision-making.

The process of publishing a National Social Report should be used as an opportunity to promote good governance, transparency and the involvement of all stakeholder in the design, implementation and monitoring of policy.

Implicit in the approach taken in the Europe 2020 Strategy is that economic development, social development and environmental protection are complementary and interdependent – three sides of the same reality. Overall, current trends in Irish public policy are in direct contradiction to the promotion of ‘inclusive growth,’ which is one of the three key priorities which underlie the Europe 2020 Strategy. Inclusive growth is not just about fostering a high-employment economy, it also aims to deliver social cohesion – it is integral to the Europe 2020 strategy and needs to be integral to the response of the Irish Government.

### ***Social Justice Ireland Recommendations***

**The Irish Government should carry out in-depth social impact assessments prior to implementing policies in order to ensure that the position of people experiencing poverty and social exclusion is not worsened by the austerity measures being pursued.**

**Furthermore, *Social Justice Ireland* proposes that the following should be adopted as Ireland’s headline target on poverty:**

- **Ireland Headline Target: To reduce by 2020 the consistent poverty rate to 2%; the at-risk-of-poverty rate anchored in time to 8%; and the at-risk-of-poverty (only) rate to 7%.**
- **These headline targets should be accompanied by subsidiary poverty targets for vulnerable groups as set out in the following Table 11.**

**TABLE 11 SOCIAL JUSTICE IRELAND RECOMMENDED POVERTY TARGETS**

<b>Subsidiary Poverty Targets</b>					
	<b>Overall target</b>	<b>Children</b>	<b>Lone parents</b>	<b>Jobless households</b>	<b>Social rented housing</b>
<b>Consistent poverty</b>	2%	3-4%	4-6%	4-6%	4-6%
<b>At-risk-of-poverty (only)</b>	7%	8-10%	10-12%	10-12%	10-12%

## ***Social Justice Ireland* – Proposal for Refundable Tax Credits**

### **Background**

In Ireland in 2011, 5.6 per cent of people who were employed were living at risk of poverty representing over 100,000 people. It is important that policy-makers recognise and address this problem. One of the most effective mechanisms available within the present system to address the problem of the working poor would be to make tax credits refundable. *Social Justice Ireland* has published research on this in its study 'Building a Fairer Taxation System: The Working Poor and the Cost of Refundable Tax Credits' (2010). The study showed that making tax credits refundable is financially possible at a relatively small cost. Such a move would have a very positive impact on those who are in poverty though working – the working poor.

### **The Proposal**

The study identified that the proposed system would benefit 113,000 low-income individuals in an efficient and cost-effective manner. These individuals would receive a refund of their unused tax credits, the majority of which are valued at under €2,400 per annum or €46 per week.

When children and other adults in the household are taken into account, the total number of beneficiaries would be 240,000.

Many working families on low earnings struggle to achieve a basic standard of living. By making tax credits refundable, the Government would begin to address the problem of the working poor and would improve the living standards of a substantial number of people. The cost of making the change would be €140million.

### **Outcomes**

This proposal would make Ireland's tax system fairer, ensure that in the future all changes in tax credits are experienced equally by all employees, address part of the problem of the working poor and improve the living standards of a substantial number of people. It would mark a significant step in building a fairer way for Irish society to allocate its resources.

## 5. Governance

The Europe 2020 Strategy was envisaged to have a partnership approach at its heart. This was envisaged to encompass not only the European Council, the Commission, the European Parliament and EU Committees, but also to extend to national parliaments, to local/regional authorities to social partners and civil society. Both the elaboration of national reform programmes and their implementation were envisaged as being done in a partnership that included representatives of civil society so as to strengthen 'ownership' of the process (European Commission, 2010, p.6, 29):

*By establishing a permanent dialogue between various levels of government, the priorities of the Union are brought closer to citizens, strengthening the ownership needed to deliver the European 2020 strategy (European Commission, 2010, p, 29).*

In 2014, a communication from the Commission initiated a stocktaking process in which a range of stakeholders are to engage in consultation.

### Partnership in Practice

However, a pattern of less than adequate participation in the National Reform Programme process seems to have emerged in countries across Europe, with European networks reporting a varied experience, often involving limited consultation on social inclusion issues and a failure to reflect stakeholder views in final programmes (Caritas Europa, 2013).

In 2014 in Ireland a consultation event on the National Social Report and the poverty component of the National Reform Programme was held in March. However, over several years, the experience of *Social Justice Ireland* relative to the consultation processes on the preparation of the National Reform Programme has not been a positive one. For example, during 2014, members of the Community and Voluntary Pillar were circulated with a draft of the National Reform Programme but only one week was stipulated for the return of comments.

Having regard to the overall challenge of engaging citizens in decision-making processes, one positive development since 2013 arose from the establishment of a Working Group on Citizen Engagement to report and make recommendations for more diverse and extensive input by citizens into decision making at local level. This was a positive move by Government. Its recommendations have resulted in a structure for participatory engagement in decision making on an on-going basis at local level called 'The Public Participation Network' (PPN). The PPN facilitates input by the public into local government through a structure that ensures public participation and representation and decision-making committees within local government.

### **Social Justice Ireland Response**

The approach to partnership with an aim of fostering joint ownership enshrined in the Europe 2020 Strategy is a sensible and desirable approach.

Much work has been done in recent years by the Council of Europe on how such an approach might be formalised for the benefit of all concerned. From this has come the Charter on Shared Social Responsibilities. The Charter argues that having a well-defined deliberative process can ensure, among other things, that individual preferences are reconciled with widespread priorities in the field of social, environmental and intergenerational justice. It envisages

participatory processes, 'making it possible to define the needs of the stakeholders and establish priorities through the exchange of views, and through the unbiased arbitration of different interests' (5). It aims at implementation through participatory processes that aim to 'define the needs of the stakeholders and establish priorities through the exchange of views, and through the unbiased arbitration of different interests' (Council of Europe, 2014, 5(b)):

The views of weaker stakeholders should also be heard, heeded and capable of influencing decisions and results. This means avoiding situations where stronger stakeholders, in possession of more information and organisational power, relinquish their specific responsibilities or impose priorities based on their interests alone (Council of Europe, 2014, *Principle of Recognition*, 7).

*Social Justice Ireland* recommends that, in the on-going framing, development and implementation of the National Reform Programme, Government move towards a deliberative approach. A deliberative process would see all stakeholders addressing the evidence together while the power-differentials between the stakeholders are not in play. The evidence would be presented and discussed with a view to providing the most accurate 'reading' of the issues being addressed. Stakeholders would collaboratively identify;

- a) The current issues and how they arose;
- b) The most desirable future that could be achieved;
- c) The means by which to move forward.

As stated, this process would be based on evidence and thus would ensure that the most appropriate manner in which to address issues would be identified and agreed upon. This approach ensures a high level of accountability among stakeholders ensuring that responsibility is taken for decisions and the implementation of actions required.

### ***Social Justice Ireland Recommendations***

- **Establish and resource a forum for dialogue on civil society issues. This initiative should identify how a civil society debate could be developed and maintained in Ireland and should examine how it might connect to the growing debate at European level around civil society issues.**
- **Implement the PPN framework recommendations for citizen engagement at local level and ensure adequate resources are made available for capacity building.**
- **Ensure that there is real and effective monitoring and impact assessment of policy implementation using an evidence-based approach. Involve a wide range of perspectives in this process, thus ensuring inclusion of the experience of those currently excluded.**

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



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