



Ireland and the Europe 2020 Strategy

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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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. It is the latest in a series that has tracked Ireland's performance for many years.

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. The data and evidence in this report covers the period up to end 2019, allowing comparison and analysis for all EU member states. As such the social and economic impact of the COVID-19 pandemic on Ireland and on the EU is not reflected in the data contained in this report. As mentioned, it builds on our previous series of reports (from 2011 on) on this same topic. Our findings include that policies pursued over many years resulted in the exclusion of people who were already on the margins of society and in many cases policies pursued continue to fail to reach many of Ireland's national targets set under the Europe 2020 Strategy. Furthermore, since the economy and the employment situation had begun to improve in Ireland to the end of 2019, new challenges – such as precarious and low-paid employment - are highlighted in this report as issues that must be addressed to achieve the vision of inclusivity of the Europe 2020 Strategy. These issues (which have been exacerbated by the pandemic) are of major concern to *Social Justice Ireland*.

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 in 2010, the Europe 2020 Strategy was designed to develop a more balanced and sustainable approach for the future. The Strategy was seen as a significant development in social policy within the EU because it included targets aimed at increasing employment, improving education and reducing poverty and social exclusion. Thus, it highlighted the importance of social policy goals to a vision for Europe's future well-being. In this report, the last in this series, 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 aimed 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). It intended to increase the visibility and importance of social issues and made the possibility of 'a much more integrated and coordinated approach to economic, social, employment and also environmental governance' a possibility (Frazer et al, 2010, p.3). As Frazer and colleagues 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 strategy¹, the existence of targets aimed at reducing poverty and social exclusion would, it was argued, create a new dynamic and impose pressure on politicians and policy-makers to deliver against those targets (Walker, 2011, p.1).

Following on from State of the Union address by President Juncker in September 2015, the European Commission launched a public consultation of a European Pillar of Social Rights intended to identify a number of essential principles common to euro area Member States, focusing on their needs and challenges in the field of employment and social policies. Like the Europe 2020 strategy, this initiative is founded in a recognition that in advanced economies, which base their prosperity on productivity growth and their capacity to innovate, social and economic performance are seen as two sides of the same coin (European Commission 2016a, p.4). A further consultation on the future of Europe launched in 2017 by way of a White Paper recognised that trust in the union has been eroded (European Commission 2017b).

As we prepare this report the COVID-19 pandemic is having a huge impact across Europe and the impact of its economic shock are likely to be felt into the long-term. The EU has been coordinating a common European response to the COVID-19 crisis and providing emergency funding to support

¹ 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).

Member States through a number of financial instruments, such as the Coronavirus Response Investment Initiatives (CRII I & II) and the Temporary Support to mitigate Unemployment Risks in an Emergency (SURE). The activation of the General Escape Clause of the Stability and Growth Pact (European Commission, 2020a) was welcome, as it allowed for budgetary flexibility, helping to mitigate the socio-economic impact of the crisis.

However, the fact that the European Union itself and many member states never fully recovered from the financial crisis of 2008 needs to inform investment policy at EU level as work on rebuilding our society and economies gets underway. A report from the Employment Committee (EMCO) and Social Protection Committee (SPC) on the Europe 2020 strategy (European Commission, 2019d:9) carried out in 2019, suggested the need for more prominence of social policies next to employment and economic policies, based on a ‘balanced policy triangle’.

During this unprecedented COVID-19 crisis, the European Union must heed the lessons from the financial crash of 2008 and commit to a truly social Europe. As noted by the European Social Protection Committee (2020), to guide the reform efforts, the development of a successor to the Europe 2020 Strategy remains important, in particular in the aftermath of the COVID-19 crisis. Such a strategy should include clear and ambitious social and employment targets, based on the European Pillar of Social Rights and the experience acquired from the Europe 2020 strategy, also taking into account the United Nations Sustainable Development Goals. Once COVID-19 has been defeated, all countries will face a major challenge: to decide if the experience of recent months and our response to it should shape the future of our society. We must learn from this experience and tackle the inequality and exclusion that we have failed to address heretofore.

Priorities, Targets & ‘Flagship Initiatives’

The Europe 2020 Strategy articulated 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).

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 were 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 indicators² - people are counted if they come under any of the three)

It is recognised that the targets are interrelated – 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. Amongst the flagship initiatives, the European Platform against Poverty (EPAP) is of particular relevance 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. See **Table 1**. The Guidelines aimed 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.

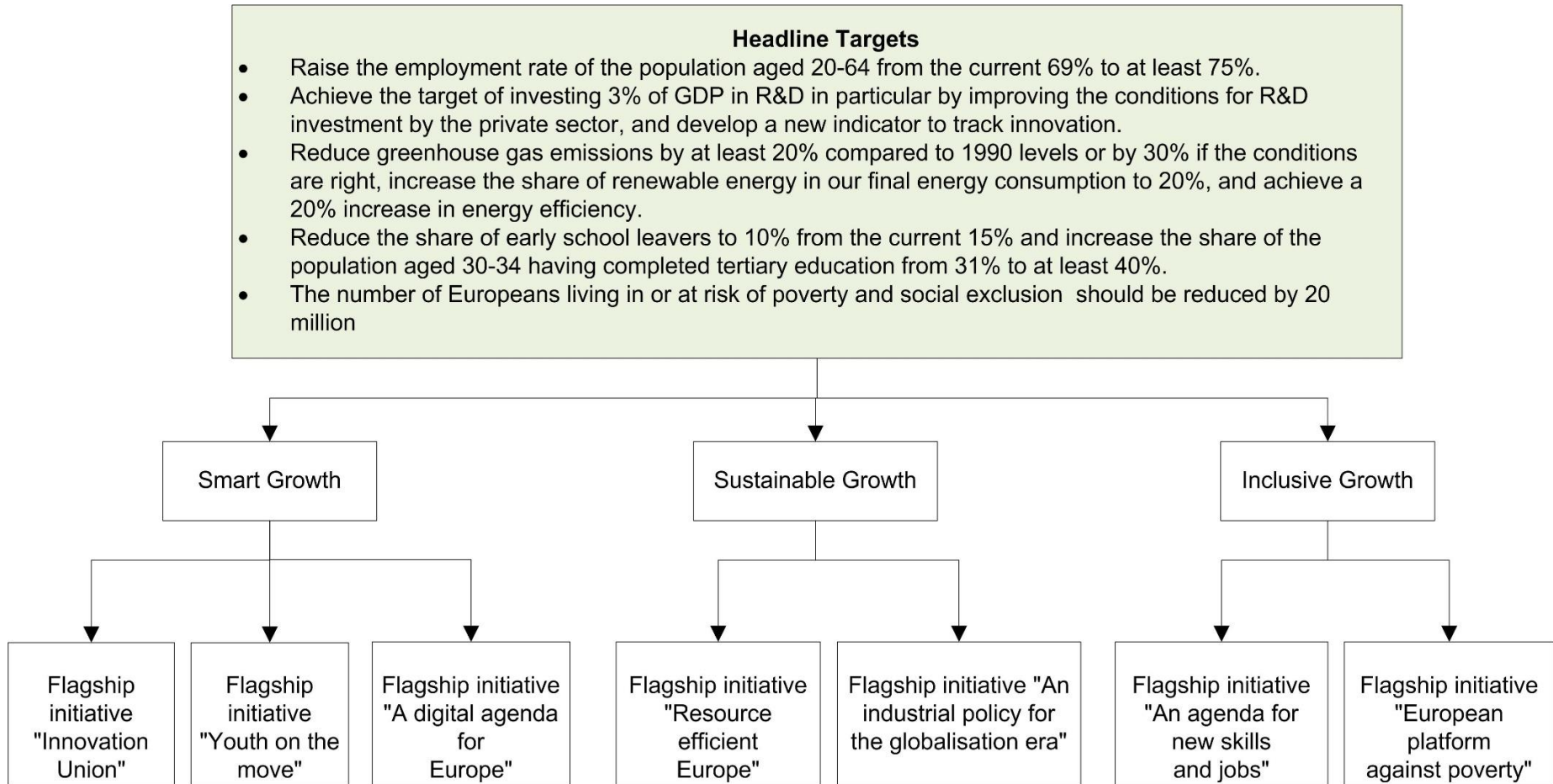
² This indicator is discussed in Section 4 of this Report. It corresponds to the sum of persons who are: at risk of poverty or severely materially deprived or living in households with very low work intensity. Persons are only counted once even if they are present in several sub-indicators. At risk-of-poverty 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 online database: t2020_50)

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

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

SOURCE: EU COUNCIL OF MINISTERS, 2010

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)³, 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. Each year, the Commission undertakes a detailed analysis of EU Member States’ plans of budgetary, macroeconomic and structural reforms and provides them with recommendations for the next 12-18 months.

During 2014, a consultation process took place on the Europe 2020 Strategy toward development of the strategy for the 2015-2020 period. The results of the review were intended to feed into discussions on the Strategy’s future direction. One of the findings from the consultation was the need to improve the delivery of the strategy through enhanced ownership and involvement on the ground (European Commission, 2015).

Recently, new elements have been included in the issues encompassed in the Semester, namely, an increased focus on environmental sustainability and the integration of the objectives of the United Nations Sustainable Development Goals into the Semester.

³ 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 makes recommendations 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. Assessment also issued by the Commission of draft budgetary plans (Euro area)

February: Commission issues a single analytical economic assessment per Member State

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 proposes country-specific recommendations. The Council discusses and the European Council endorses the recommendations.

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.

Irish National Reform Programme - Targets

Below are the Europe 2020 Strategy targets for employment, education and poverty reduction as well as the Irish targets. The following sections of this report will consider each in more detail.

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 per cent by 2016 (interim target) and to 2 per cent by 2020, from the 2010 baseline rate of 6.3 per cent⁴. 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 target⁵).

Sub-target, Children: A sub-target for child poverty was 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)
- 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, and progress made in relation to them, will be considered in the next three Sections of this Report, which will focus on employment, education and poverty, respectively. The issue of governance will be considered in the fifth Section.

⁴ This is based on a slightly revised figure released by the CSO in 2011

⁵ 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. Most recently Government's Roadmap for Social Inclusion, 2020-2025 has set a new target for 2025 - to reduce the national consistent poverty rate to 2 per cent or less by 2025 (Government of Ireland, 2020b).

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, 2018).*

European Context

The Europe 2020 Strategy envisaged a high-employment economy delivering economic, social and territorial cohesion. Challenges identified at the time it was entered into included high unemployment, low skills, and those working who were not earning 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 per cent of those at work did not earn enough to reach the poverty threshold
- At 21 per cent, 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 would lose ground (European Commission 2010, p.17-18)

The need to integrate social and employment policy solutions was recognised especially in light of the fact that so many people with jobs were at risk of poverty. As well as including a major focus on employment, the 2020 Strategy emphasised education, training and lifelong learning (European Commission, 2010). The economic crisis led to the EU unemployment rate increasing from under 7 per cent in spring 2008 to 10.8 per cent in spring 2013, representing an increase of 9 million in the number of people who were out of work (European Commission 2016).

Figure 2 shows the position of EU States relative to the high-level employment target (75 per cent) set out in the Europe 2020 Strategy for 2017 to 2019 for people aged 20-64⁶. As shown, the European average rate of employment stood at 73.9 per cent in 2019 (EU-28) (73.1 per cent for EU-27) up slightly from 73.2 per cent in 2018 (EU28) (72.4 percent, EU-27) (Eurostat t2020_10). Across the EU, there is great variation in the rate – with some countries having exceeded the Europe 2020 Strategy target of 75 per cent, and other countries well below it. The highest levels of employment occurred in Sweden, Germany, Czechia (or Czech Republic), Estonia, Netherlands

⁶ 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, t2020_10).

and Denmark, and the lowest in Greece, Italy, Croatia and Spain. There was a gap of some 21 percentage points between Sweden's rate and that of Greece. In a review of the EU's performance on the Europe 2020 strategy, it was projected in September 2019 that the EU rate of employment (for age group 20-64) would be 74.3 per cent in 2020, just under the Europe 2020 target of 75 per cent (European Commission, 2019d). That report also noted that unemployment and economic inactivity was still high in some countries and notably amongst some groups: women, people from a migrant background, people with low-skills, youth, older workers and people with disabilities and that increasing participation by those groups is an 'urgent challenge' (European Commission, 2019d).

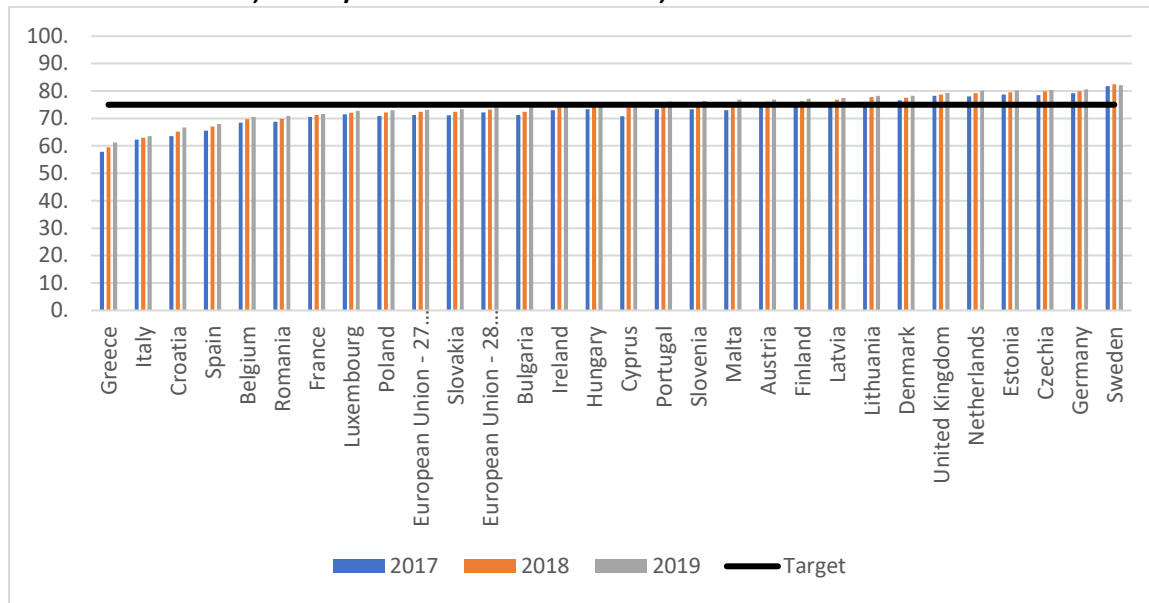
The Annual Growth Survey for 2020 (published in December 2019), suggested that while the economic recovery had helped to improve employment and social outcomes across Europe, action was needed to ensure the enjoyment of social rights and to counter the risks posed by a growing social divide (European Commission, 2019b). It also noted the need for fair working conditions with almost 1 out of 10 workers in Europe at risk of poverty and involuntary part-time work remaining high in several Member States.

A report from the European Social Protection Committee (2020) notes until the start of 2020, the EU had been benefiting from continued economic growth and high employment, which had led to widespread improvements in the social situation in Europe. The COVID-19 pandemic has resulted in unprecedented disruptions in economic, employment and social conditions. Its full impacts are not yet known. Despite the measures taken at EU level and by national governments, the unemployment rate in the EU is forecast to rise from 6.7 per cent in 2019 to 9 per cent in 2020, before receding again to around 8 per cent in 2021, with differences across sectors, countries and regions (European Social Protection Committee, 2020). With the deterioration in the employment situation and the growing number of people who are unemployed or working in precarious jobs, more people are in need of social protection (European Social Protection Committee, 2020).

Ireland's employment rate for this age group (20 – 64) stood at 64.5 per cent in 2012 (it had been 75.1 per cent in 2007). It has increased since then to 75.1 per cent in 2019 (similar to 2007 levels). In 2019 it was above the EU-28 average rate and was similar to the Europe 2020 Strategy target. It has also exceeded the upper end of the 2020 target range of employment rates (of 69-71 per cent) adopted by the Irish government (see Ireland's Headline Target, above).

During 2020, the COVID-19 pandemic has affected employment rates across the EU. At the end of 2019, the EU-27 rate was 73.1 per cent (Quarter 4, 2019) but in Quarter 2, 2020, it dropped to 72.1 per cent; it rose slightly to 72.4 per cent at the end of Quarter 3 (EU-27, rates for ages 20-64, seasonally adjusted) (Eurostat online database LFSI_EMP_Q__custom_651164). In Ireland a drop was also witnessed, from 74.9 per cent in Quarter 4, 2019, to 73 per cent in Quarter 2, 2020, rising to 73.2 in Quarter 3.

FIGURE 2 2017-2019, EU-28/EU-27 EMPLOYMENT RATE, AGE GROUP 20-64

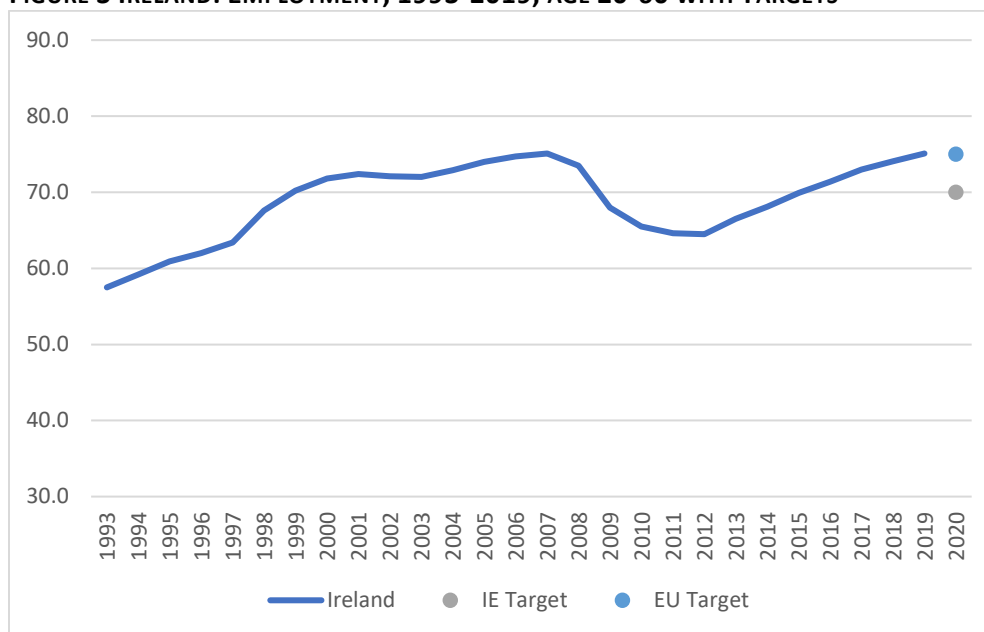


Source: Eurostat, Employment rate by sex, age group 20-64 [T2020_10]. Shows EU 2020 Strategy target of 75%.

Ireland: Employment and Unemployment

The scale and severity of the economic collapse from 2008 meant a return to widespread unemployment in Ireland, something that still has long-term implications for individuals, families and social cohesion as well as for Government finances. Significant improvement has been achieved in recent years and many of the crises experienced in the aftermath of the financial crash of 2008 have receded somewhat.

Figure 3 shows Ireland’s employment rate for those aged 20-64 from 1993 to 2019 as well as the national and EU level targets. It illustrates that, after increasing for many years, there was a severe drop in the employment rate from 2007 to 2012. Recent years have seen a welcome improvement in the rate, which, as already indicated, stood at 75.1 per cent in 2019.

FIGURE 3 IRELAND: EMPLOYMENT, 1993-2019, AGE 20-60 WITH TARGETS

Source: Eurostat, t2020_10 Total employment (resident population concept - LFS)

The nature and scale of the transformation that occurred following 2008 in Ireland's labour market are highlighted by the data in **Table 2**. Over the 13 years from 2007 to 2019 the labour force has grown by 83,000 individuals, but participation and employment rates dropped while both full-time employment and part-time employment increased. In 2019 the number of underemployed people, defined as those employed part-time but wishing to work additional hours, stood at 111,800 people, which is equivalent to 4.6 per cent of the labour force. Over this period, unemployment increased by just over 8,000 people, bringing the unemployment rate up from 5.1 per cent to 5.2 per cent; although the 2019 figure represents a dramatic improvement on the levels experienced during the height of the economic crisis around 2010-2012. Thus, the figures in **Table 2** also point towards the growth of various forms of precarious employment over recent years.

This transformation in the labour market has significantly altered the nature of employment in Ireland when compared to the pre-recession picture in 2007. Overall, employment grew by just over 3 per cent (almost 75,000 jobs) between 2007-2019 and **Table 2** traces the impact of this change across various sectors, groups and regions. Within the CSO's broadly defined employment sectors, three of the four decreased in size over the period: construction employment has seen the biggest fall of 37 per cent (87,200 jobs); industrial employment fell by 9.4 per cent (30,700 jobs); and agricultural employment experienced a 12.2 per cent decrease (13,800 jobs). In contrast, employment in the services sector grew substantially with 13.2 per cent more employment in this sector in 2019 compared to 2007 (206,600 jobs). The services sector now accounts for 76 per cent of all employees. Compared to 2012, employment has been growing in all sectors bar agriculture, representing a welcome recovery that took a long time to emerge.

TABLE 2 IRELAND LABOUR FORCE DATA, 2007-2019

	2007	2012	2018	Change 07-19
Employment				
Labour Force	2,371,900	2,241,400	2,454,900	+83,00
LFPR %	67.4	62.1	62.5	-4.9
Employment %	72.5	60.2	69.6	-2.9
Employment	2,252,200	1,887,000	2,326,900	+74,700
Full-time	1,835,400	1,424,600	1,853,400	+18,000
Part-time	416,800	462,400	473,500	+56,700
Underemployed	n/a	150,400	111,800	n/a
Unemployment				
Unemployed %	5.1	15.9	5.2	+0.1
Unemployed	119,700	354,300	128,000	+8,300
LT Unemployed %	1.4%	9.1%	1.4%	0.0%
LT Unemployed	33,300	203,800	34,900	+1,600
Potential Additional Labour Force	n/a	n/a	109,600	n/a

Source: Healy *et al*, 2020, using CSO, LFS on-line database.

Notes:

All data is for Quarter 3 of the reference year.

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

Employment % is for those aged 15-64 years.

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

n/a = comparable data is not available.

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

Turning to the issue of unemployment, the consequence of the crisis period job losses was a sharp increase in unemployment and emigration which has only recently begun to dissipate. **Table 3** shows how unemployment has changed between 2007 and 2019, a period when the numbers unemployed increased by almost 7 per cent. Male unemployment increased by 4,800 and female unemployment by 3,500. Most of the unemployed are seeking to return to a full-time job with just over 20 per cent of those unemployed in 2019 indicating that they were seeking part-time employment. The impact of the unemployment crisis was felt right across the age groups with younger age groups seeing their numbers unemployed notably fall since 2012.

TABLE 3 LABOUR FORCE DATA: UNEMPLOYMENT - HEADLINE STATISTICS 2007-2019

	2007	2012	2019	Change 2007-2019
Unemployment	119,700 people	354,300 people	128,00 people	+8,300 people
Unemployed, less than 1 year	85,200	147,000	87,300	+2,100
Unemployed, more than 1 year	33,300 people	203,800 people	34,900	+1,600
Long-term Unemployment as % Unemployment	27.8%	57.5%	27.3%	

Source: Healy *et al*, 2020, LFS on-line database. See also notes to Table 2

Job growth over those years is very welcome, but, as detailed in quarterly Employment Monitors (see *Social Justice Ireland, Employment Monitors*), *Social Justice Ireland* is concerned about several of the ways that the labour market has been developing. The number of people employed is higher now than it ever has been. Because of the population increase, however, since 2007 the proportion of the labour force who are at work – the employment rate – has fallen by almost three percentage points. Within employment, considerably more jobs have been created as part-time positions (+56,700 since 2007) than full-time (+18,000). Within those part-time employed it is worth focusing on those who are underemployed, that is working part-time but at less hours than they are willing to work. By the third quarter of 2019 the numbers underemployed stood at 111,800 people, 4.6 per cent of the total labour force and about one-quarter of all part-time employees.

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

The commitment of *Social Justice Ireland* to the development and adoption of a Living Wage reflects the need to address these problems. In that context, the establishment of the Low Pay Commission is a welcome development. It is important that this group provides credible solutions to these labour market challenges and that such proposals are implemented.

COVID-19 has, of course seriously impacted on the employment situation in 2020. The OECD's Employment Outlook 2020 notes that the pandemic has triggered one of the worst jobs crises since the Great Depression and the real danger that the crisis will increase poverty and widen inequalities, with the impact felt for years to come (OECD, 2020). That report suggests that since the beginning of the crisis there has been an exceptionally stark drop in activity with up to 10 times fewer hours being worked in some countries, compared with the first few first months of

the 2008 financial crisis and unprecedented job losses. Reconstructing a better and more resilient labour market is an essential investment in the future and in future generations. The report also warns that this jobs crisis risks turning into a social crisis. In the sectors most affected, up to half of all workers have part-time or temporary contracts or are self-employed. Many lack job security and have limited access to unemployment benefits. Countries have provided support and should do all they can to maintain it for the most vulnerable, while working to build more inclusive and resilient labour markets.

A Working Paper on the initial impacts of the COVID-19 pandemic on Ireland's labour market published by the Department of Employment Affairs and Social Protection in May 2020 suggested that those who have lost their jobs as a result of the impact of COVID-19 are more likely to be young, low-skilled, female and previously in part-time employment (Department of Employment Affairs and Social Protection, 2020). This reflects the higher share of these workers in the industry sectors most affected (Retail and Hospitality).

Another group that deserves attention are people with disabilities. Ireland has one of the lowest employment rates of people with disabilities in the EU (only 29.1 per cent vs EU 47.4 per cent in 2015) and one of the widest employment gaps between people with and without disabilities (41.3 pps, EU 25.7 pps) (European Commission 2018b). Census 2016 revealed that there were 176,445 persons with a disability in the labour force representing a participation rate of 30.2 per cent, less than half that for the population in general. These findings are consistent with earlier results from Census 2011 as well as the 2006 National Disability Survey (CSO, 2008 and 2010) and a 2004 QNHS special module on disability (CSO, 2004). Figures released by the CSO in respect of Census 2016 suggest that among disabled people aged 25-34, almost half (47.8 per cent) were at work whereas by age 55 -64 only 25 per cent of those with a disability were at work (CSO 2017a).

An ESRI report examined the employment transitions of people with disability and found that among those of working age most (82 per cent) had worked at some stage in their life but that 35 per cent had been without work for more than four years (Watson *et al.*, 2017). It also found that were Government policy to facilitate the employment of people with disability who want to work, some 35,600 additional people with a disability would join the active workforce; a figure equivalent to 1.5 per cent of the 2017 labour force (Watson *et al.*, 2017:56).

These low rates of employment among people with disability are of concern. Apart from restricting their participation in society, lack of employment opportunities ties disabled people 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. *Social Justice Ireland* believes that further efforts should be made to reduce the impediments faced by people with disability to obtain employment. In particular, consideration should be given to reforming the current situation in which many such people face losing their benefits, in particular their medical card, when they take up employment. This situation ignores the additional costs faced by people with disability in pursuing their day-to-day lives. For many people with disabilities the opportunity to take up employment is denied to them and they are trapped in unemployment, poverty, or both.

Some progress was made in Budget 2005 to increase supports intended to help people with disabilities access employment. However, sufficient progress has not been made and recent

Budgets have begun to reduce these services. New policies, including that outlined above, need to be adopted if this issue is to be addressed successfully. COVID-19 has changed the nature of work in Ireland. Remote and flexible working has become the norm for many workers who are not on the 'front line'. While this has presented challenges, particularly for those juggling education and caring responsibilities, it has also presented the opportunity to test new ways to work. The Remote Work in Ireland – Future Jobs 2019 (Department of Enterprise, Trade and Employment, 2019) report acknowledges the importance of providing flexible alternatives from the point of view of sustainability, and increasing labour market participation among women and people with disabilities. As *Social Justice Ireland* has already argued (2020b), the experience since the start of the pandemic has proven that many of these alternatives already exist. These must now become streamlined to facilitate this broadening of the labour force participation.

The work of Ireland's carers receives minimal recognition despite the essential role their work plays in society. Results from the 2016 Census offered an insight into the scale of these commitments, which save the state large costs that it would otherwise have to bear. Census 2016 found that 4.1 per cent of the population provided some care for sick or disabled family members or friends on an unpaid basis. This figure equates to 195,263 people. The dominant caring role played by women was highlighted by the fact that 118,151 (60.5 per cent) of these care providers were female⁷. When assessed by length of time, the census found that a total of 6,608,515 hours of care were provided by carers each week, representing an average of 38.3 hours of unpaid help and assistance each. Two thirds of this volume of care was provided by female carers. Using the minimum wage as a simple (if unrealistically low) benchmark to establish the benefit which carers provide each year suggests that Ireland's carers provide care valued at more than €3.4bn per annum⁸.

Social Justice Ireland welcomed the long overdue publication of a National Carers Strategy in July 2012 (Department of Health, 2012). The document included a 'roadmap for implementation' involving a suite of actions and associated timelines, and identifies the Government Department responsible for their implementation. However, these actions were confined to those that could be achieved on a cost neutral basis. Various progress reports of the strategy have been published to date and point towards some progress on the actions set out. However, these are, as a group, limited given the unwillingness of Government to allocate sufficient resources to supporting those in this sector.

Social Justice Ireland believes that further policy reforms should be introduced to reduce the financial and emotional pressures on carers. In particular, these should focus on addressing the poverty experienced by many carers and their families alongside increasing the provision of respite care for carers and for those for whom they care. In this context, the 24 hour responsibilities of carers contrast with the improvements over recent years in employment legislation setting limits on working-hours of people in paid employment. The European Commission's 2019 country report for Ireland notes that our system of long-term care faces challenge and that spending on it is projected to increase much faster than the EU average

⁷ A CSO QNHS special module on carers (CSO, 2010) and a 2008 ESRI study entitled 'Gender Inequalities in Time Use' found similar trends (McGinnity and Russell, 2008:36, 70).

⁸ Calculation based on 2016 minimum wage of €9.15 per hour.

(European Commission, 2019a). The report suggests that investing in a more developed formal home care sector could help reduce exchequer costs while relieving the burden on (mostly female) informal carers, thus enabling them to return to the labour market.

During February 2018 the Supreme Court formally declared the absolute ban preventing asylum seekers taking up work as unconstitutional. The declaration followed an initial decision in May 2017 with the court giving the Government time to adopt new legislation and procedures to accommodate the decision. In effect, the Government failed to do so, and the Supreme Court removed the ban. *Social Justice Ireland* welcomed this long overdue recognition; we had called for policy reform in this area for some time. However, we are concerned by Government attempts to limit these rights and restrict the opportunities of Asylum Seekers.

At the root of these problems are issues regarding the effectiveness of the current system of processing asylum applications. Along with others, we have consistently advocated that where Government fails to meet its own stated objective of processing asylum applications in six months, the right to work should be automatically granted to asylum seekers. That right should extend to all types and areas of work. Detaining people for an unnecessarily prolonged period in such an excluded state is completely unacceptable. Recognising and facilitating asylum seekers' right to work would assist in alleviating poverty and social exclusion among one of Ireland's most vulnerable groups.

The jobs crisis precipitated by the COVID-19 health crisis looks set to be felt for years to come, with a recovery not expected until after 2021. There is a real danger that this jobs crisis will lead to an increase in poverty and exacerbate existing inequalities and problems already in the labour market outlined above. The plan for Resilience and Recovery, the National Economic Plan and forthcoming Budgets must ensure that the jobs crisis we currently face does not turn into a social crisis.

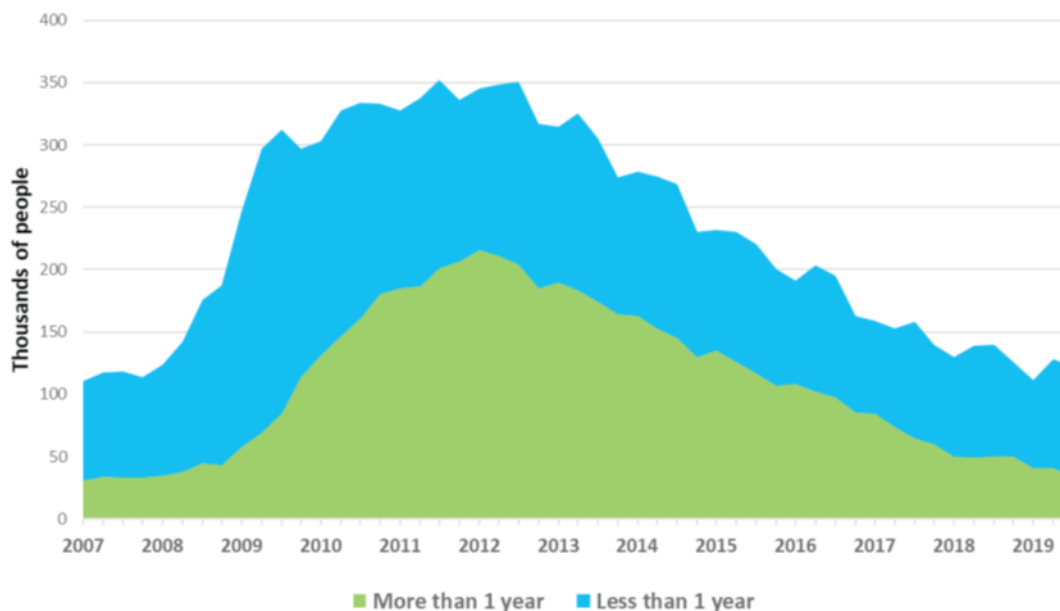
Long-Term Unemployment

The rapid growth in the number and rates of long-term unemployment are highlighted in **Table 3** and in **Figure 4**. The number of long-term unemployed was 33,300 in 2007 and increased to exceed 200,000 by 2012 before falling again to almost 35,000 in 2019. For the first time on record, in late 2010 the Labour Force Survey (LFS) data indicated that long-term unemployment accounted for more than 50 per cent of the unemployed. It took from then until late 2017 for this number to consistently drop below that threshold, reaching 27.3 per cent of the unemployed in the third quarter of 2019. As **Figure 4** shows, the transition to these high levels was rapid. The experience of the 1980s showed the dangers and long-lasting implications of an unemployment crisis characterised by high long-term unemployment rates. It remains a policy challenge that Ireland's level of long-term unemployment, equivalent to one in four of the unemployed, remains high and that it is a policy area which receives limited attention.

Addressing a crisis such as this is a major challenge and we outline our suggestions for targeted policy action later in this Section. However, it is clear that reskilling many of the unemployed, in particular those with low education levels, will be a key component of the response. Using data for the third quarter of 2019, 48 per cent of the unemployed had no more than second level education with 20 per cent not having completed more than lower secondary (equivalent to the

junior certificate). *Social Justice Ireland* believes that major emphasis should be placed on those who are trapped in long term unemployment – particularly those with the lowest education levels.

FIGURE 4 LONG-TERM UNEMPLOYMENT 2 007-2019



Source: *Healy et al* 2020 based on CSO, LFS on-line database.

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

The European Commission report for Ireland for 2020 (European Commission, 2020b) confirms that reforms are needed to reach out to those furthest away from the labour market. They suggest the need for responsive active labour market policies that are linked to monitoring and evaluation practices and that aim to better reach out to long-term unemployed people and provide them more complex, individualized, services (European Commission, 2020b, p.41-42).

Previous experiences, in Ireland and elsewhere, have shown that many of those under 25 and many of those over 55 find it challenging to return to employment after a period of unemployment. There is a need for targeted reskilling of people who hold skills in sectors of the economy that are unlikely to return to the employment levels of the early part of the century. It is recognised internationally that older workers (often considered those aged 55 and above) are disproportionately vulnerable to labour underutilization – in other words, they cannot work as much as they would like and they are particularly prone to being among those discouraged in their job search (International Labour Organization, 2018). Thus, becoming unemployed at an older age means being more likely to remain so and to experience long-term unemployment (International Labour Organization, 2018). This highlights the dangers around long-term unemployment already mentioned and suggests a major commitment to retraining and re-skilling will be required.

The Working Poor

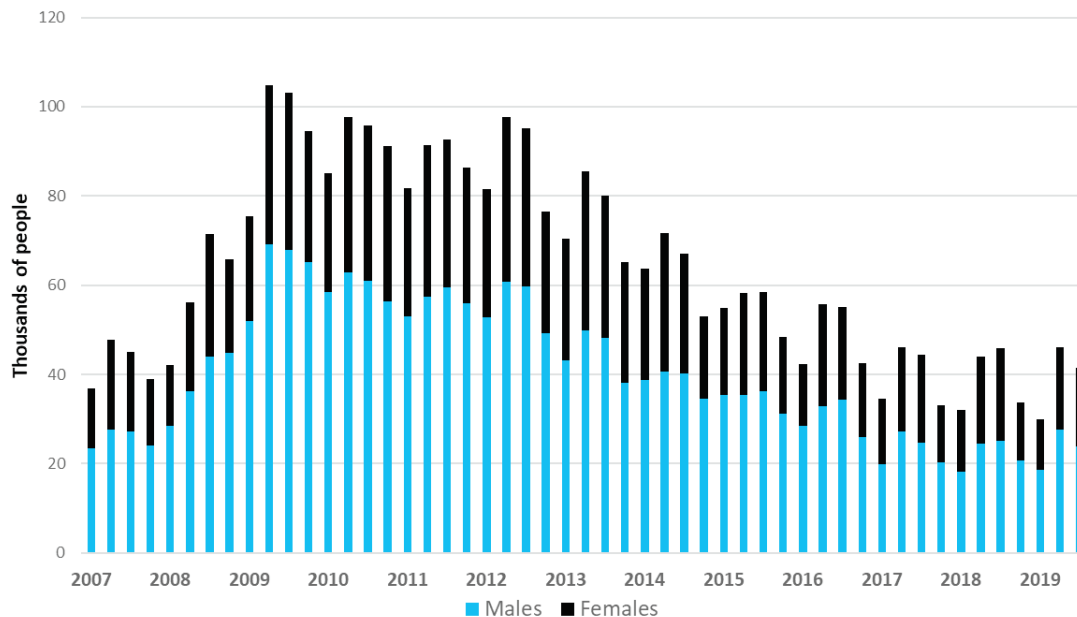
The Europe 2020 Strategy recognised that large numbers of people who work nonetheless do not earn enough to get out of poverty. They represented an estimated 9.2 per cent of Europeans (EU28) (aged 18-64) who worked in 2019 (Eurostat online database **ilc_iw01**). Eurostat data for 2018 relative to Ireland (the latest available) reports an in-work risk of poverty of 4.8 per cent (Eurostat online database **ilc_iw01** – and note this is a statistic generated by Eurostat so as to be comparable across Europe).

Social Justice Ireland has highlighted the extent to which the National Minimum Wage is below what is required to achieve a socially acceptable standard of living (*Social Justice Ireland, 2018*). As we referred to already when discussing the figures set out in **Table 2**, recent years have seen the growth of various forms of precarious employment and the emergence of a greater number of workers in precarious employment situations. The growth in the number of individuals with less work hours than ideal, as well as those with persistent uncertainties concerning the number and times of hours required for work, is a major labour market challenge.

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. The 2010 study from Social Justice Ireland, 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 at the end of **Section 4**.

Youth Unemployment

While the increase in unemployment over the last 13 years was spread across all ages and sectors, **Figure 5** highlights the very rapid increase in the numbers unemployed under 25 years-of-age. The numbers in this group more than doubled between 2007 and 2009, peaking at almost 105,000 in Quarter 2 2009. Since then decreases have occurred, reaching 39,000 in 2019.

FIGURE 5 YOUTH UNEMPLOYMENT BY GENDER, 2007-2019

Source: Healy *et al.* 2020; CSO, LFS on-line database.

As youth unemployment represents almost one-third of the total population that are unemployed, there is merit in giving it particular attention. Experiences of unemployment, and in particular long-term unemployment, alongside an inability to access any work, training or education, tends to leave a ‘scarring effect’ on young people. It increases the challenges associated with getting them active in the labour market at any stage in the future.

In the short-term it makes sense for Government to invest in the ‘youth unemployed’ and *Social Justice Ireland* considers this to be a central priority. At a European level, this issue has been receiving welcome attention in recent times, driven by high levels of youth unemployment in other crisis countries.

For many years the Irish rate for younger people neither in education, employment or training (NEETs) (therefore, at most distance from the labour market and most at risk of alienation) was higher than the EU average. We will return to this when we discuss education in the next section of this Report.

Irish Government Initiatives

Government action to address the issue of unemployment focused on two main strategies – *Action Plan for Jobs* designed to increase the number of jobs available (from 2012 with annual iterations) and *Pathways to Work* (2016-2020) focusing on activation strategies intended to ensure that jobs are available to the unemployed. Several targets have been set in iterations of *Pathways to work*. The *Pathways to Work Action Plan for Jobless Households* (2017) set two new headline targets for 2020: (1) reducing the proportion of households that are jobless to 13 per cent or less (from 18 per cent in 2015), and (2) reducing the share of the 18-59 population resident in such households to less than 8 per cent (from 12 per cent in 2015). The National Reform

Programme for 2020 (Government of Ireland, 2020a) reported that progress had been made relative to both targets (by Q2, 2019).

An employment strategy aimed at people with disabilities (*Comprehensive Employment Strategy for People with Disabilities*) was published in October 2015 (covering the period up to 2024), which aims to increase the employment rate of people with disabilities to 38 per cent. An Action Plan for Jobless Households (from September 2017) targets jobless lone parents and spouses of benefit recipients with children aged 7 to 14 who are judged fit to work, as well as people with disabilities. A new National Childcare Scheme was launched in November 2019 aimed at ensuring that access to affordable early learning and care and school-age childcare is not a barrier to labour market participation. *Future Jobs Ireland*, launched in March 2019, is intended as a framework for preparing for the economic challenges of the future.

The European Commission's latest country report for Ireland from February 2020 (thus, prior to any significant impact of the COVID pandemic) notes that while employment continues to grow strongly, some population groups have yet to reap the benefits of the economic upturn (European Commission, 2020b). Households' real disposable income per head continues to grow, but remains slightly below pre-crisis levels. A relatively low percentage of the population has basic digital skills, which might hinder their active participation in a society (European Commission, 2020b). Indeed, Government's latest National Reform Programme acknowledged that in 2019, 53 per cent of the adult population had an overall basic or above basic level of digital skills, still below the EU average (58 per cent) (Government of Ireland, 2020a).

The European Commission (2020b) suggest that despite considerable improvement in Ireland's active labour market policies, scope for improvement remains and that long-term unemployed people need individualised services. The report also highlights that while it is increasing, the employment rate for people with disabilities remains below the EU average (European Commission, 2020b). The report suggests that closing employment-related skill gaps and encouraging key social, environmental and productive investment could provide the foundations for sustainable and inclusive growth. The Commission also suggests that provision of training and skills development remain key for employment outcomes in Ireland (European Commission, 2020b).

During 2020, a series of measures were introduced by Government to address the COVID-19 pandemic. These included a Temporary Wage Subsidy Scheme (originally set at €305 per week, which subsequently became the Employment Wage Support Scheme, at a reduced rate), a new COVID-19 Pandemic Unemployment Payment (extended to 2021, but with a tapering rate linked to previous incomes), and an Enhanced Illness Benefit Payment for COVID-19 absences. There were also supports for businesses affected by COVID-19. Government also announced the July Jobs Stimulus, a €7.4 billion package of measures to stimulate jobs while continuing to manage the impact of COVID-19 – to which *Social Justice Ireland* has responded in detail (see *Social Justice Ireland 2020a*).

Social Justice Ireland – Response

Job growth in the years up to 2019 is very welcome. However, as outlined above, *Social Justice Ireland* is concerned about several of the ways that the labour market has been developing. Headline employment numbers are useful but tell us little about who is benefitting, and which

groups are being left behind. In a series of responses, including in our *Employment Monitors*, we have highlighted various trends that require attention. Amongst the issues that we have highlighted are high levels of underemployment, a high incidence of State income support amongst employees, an increased number of discouraged workers leaving the labour force, low pay in the labour force, precarious employment, and a significant number of workers earning less than a living wage. Other issues that our *Employment Monitors* have highlighted include the rate of long-term unemployment which especially affects older workers, and regional employment trends that mean that certain regions experience an employment situation notably worse than the rest of the country.

As noted already, *Social Justice Ireland* has published a comprehensive response to Government's July 2020 Jobs Stimulus, noting that it contains some welcome elements which have the potential to support businesses, particularly small and medium enterprises, to absorb the economic impact of COVID-19 (Social Justice Ireland, 2020a). It also contains some less positive elements. We also noted that it is vital that the investment envisaged in the Stimulus is aligned to the achievement of long-term economic, social and environmental objectives of the government, and that close monitoring is required to ensure key outcomes are achieved (Social Justice Ireland, 2020a). Moments of great upheaval often see people raising major questions concerning what was simply taken as 'given' previously. The COVID-19 pandemic is such a moment. The general response to these new challenges has shown a solidarity that is not always obvious in the usual day-to-day experience of most people. But it also shows up the inequalities on which our society is built. Once COVID-19 has been addressed successfully it is crucial that we face up to the radical reforms that are required if we are to reverse the prevailing thrust of policy-making over the past four decades which has failed to eliminate the inequality and exclusion that blights our society. We have argued that it is time for a new social contract (Social Justice Ireland, 2020b).

Social Justice Ireland believes that if the challenges and needed reforms we have highlighted throughout this Section are to be effectively addressed, Government's key policy priorities in this area should be to:

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

Social Justice Ireland believes that in the period ahead Government and policymakers generally should:

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

For more detail on these and on related initiatives see Healy *et al.* 2020.

Ireland and the Europe 2020 Strategy Targets – looking to the future:

As discussed already, Ireland’s employment rate (age group 20-64) rose to 75.1 per cent in 2019 and was similar to the Europe 2020 Strategy target. It had also exceeded the upper end of the 2020 target range of employment rates (of 69-71 per cent) that had been adopted by the Irish government in the context of the Europe 2020 strategy.

As we reach the end of the Europe 2020 strategy and the targets it set in the area of employment in 2010, a new set of challenges has emerged and old problems have been highlighted. As the Joint Report of the Employment Committee (EMCO) and Social Protection Committee (SPC) on the Europe 2020 strategy states, setting a high level target for employment, such as is contained in the EU2020 Strategy, has been useful but its appropriateness as a basis for a future target could be reconsidered, as it cannot encompass all the aspects of the changing workplace, in which the

quality of jobs matters as much as their availability (European Commission, 2019d). We need a social contract that is underpinned by a commitment that Government will work at all times to produce five key outcomes simultaneously. These are: 1) a vibrant economy; 2) decent services and infrastructure; 3) just taxation; 4) good governance; and 5) sustainability. Working to achieve one or two of these outcomes, rather than all five simultaneously, would simply lead to further inequality and exclusion. This will require new approaches to the world of work and a recognition of much of the work done in society that goes unpaid, under-recognised and undervalued.

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 training⁹ and on tertiary (or third level) education¹⁰. The following issues concerning education in Europe were referenced in the Strategy:

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

(European Commission, 2010).

Improved educational achievement of young people was seen as a cross-cutting measure that addressed 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 characterised reducing early school-leaving as a gateway to achieving other Europe 2020 Strategy targets.

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).

⁹ The indicator is defined as the percentage of the population aged 18-24 with at most lower secondary education and who were not in further education or training during the last four weeks preceding the survey. Lower secondary education refers to ISCED (International Standard Classification of Education) 2011 level 0-2 for data from 2014 onwards and to ISCED 1997 level 0-3C short for data up to 2013. (Eurostat, t2020_40)

¹⁰ 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).

The 'ET 2020' framework was 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 set for 2020 are:

- at least 95 per cent 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 per cent;
- an average of at least 15 per cent of adults (age group 25-64) should participate in lifelong learning.

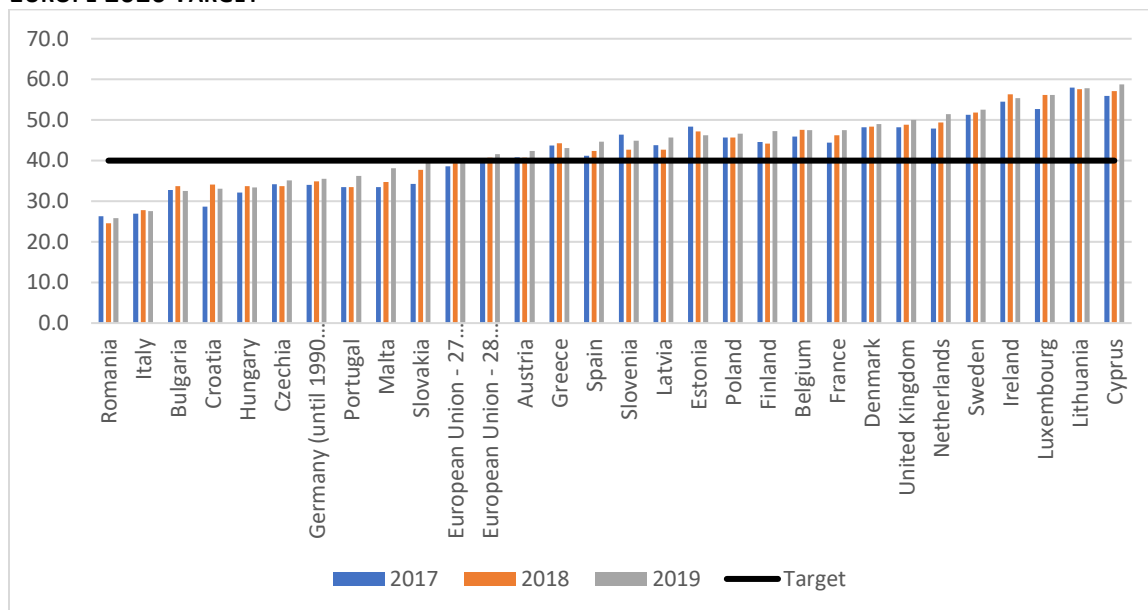
Ireland: Education and Europe 2020 Strategy Targets

Overall, Ireland compares well relative to many European countries in terms of the two headline targets relating to education established under the Europe 2020 Strategy. In particular, at 55.4 per cent in 2019 (the latest year for which rates are available), Ireland's share of 30-34 year olds who have completed tertiary or equivalent education is amongst the highest in Europe, although the rate had reduced from 56.3 per cent in 2018 (Eurostat **t2020_41**). The EU-28 average for 2019 was 41.6 per cent (40.3 per cent for EU-27). The Irish Government had established an ambitious target of 60 per cent in regard to this in the National Reform Programme (well above the EU target of 40 per cent). Thus, by 2019 Ireland had well exceeded the European target (40 per cent) but has not reached its national target (60 per cent). See

Figure 6.

But Ireland also faces challenges in relation to how higher education is to be funded. Full-time enrolment in higher education has increased by almost 33 per cent in the last decade to 186,890 students and numbers are projected to reach 222,514 by 2030 (Department of Education and Skills, 2018c). An increasing population of school-leavers means that considerable investment is required to ensure that the higher education sector in Ireland can continue to cope. However, public funding for higher education in Ireland has been decreasing since 2009 despite steadily increasing enrolments both full- and part-time. The Parliamentary Budget Office, in a report on tertiary Education Funding in Ireland (Parliamentary Budget Office, 2019), estimates that funding per undergraduate student (full-time, part-time, remote and FETAC) enrolled in 2019 was 50 per cent lower than in 2008. The report presents a clear and detailed outline of the challenges facing the sector. The report recommends that any increases in State funding are accompanied by the recommended administrative reforms. Crucially it recommends that funding be sourced from sustainable revenues to prevent a repetition of the cuts to funding seen during the last economic and fiscal crisis.

FIGURE 6 TERTIARY EDUCATION ATTAINMENT: EU-28/EU-27, 2017-2019, AGES 30-34, WITH EUROPE 2020 TARGET



Source: Eurostat, t2020_41.

Social Justice Ireland welcomed the announcement by Government in January 2018 of ‘Cornerstone Reform’ of higher education, linking funding of higher education with the delivery of ‘key national priorities’- including alignment of skills needs of the economy, higher levels of performance and innovation, expansion of research, and better access for students at a disadvantage and improving lifelong and flexible learning opportunities to make Ireland’s education and training service ‘the best in Europe by 2026’. It is important that the programmes aimed at supporting students in disadvantage and lifelong learning opportunities are one of the priority areas for 2019. In terms of access, the socio-economic background of new enrolments to higher education remains remarkably static over more than a decade. Of new entrants in 2004, 5.7 per cent came from a semi-skilled background and 5 per cent from an unskilled background¹¹. In 2017 new entrants to higher education from these backgrounds made up 5.5 per cent and 4.8 per cent respectively¹².

Little if any progress has been made on the issue of funding for the higher education sector, despite the publication of two separate reviews of the issue. The Cassels Report was published in 2016. It is the final report of the Expert Group on Future Funding of Higher Education in Ireland. The report recommended three funding options for consideration by Government 1) a predominantly state-funded system, 2) increased state funding with continuing upfront student fees and 3) increased state funding with deferred payment of fees (student loans). The report concluded that an additional €1 billion in annual funding would be needed by 2030 in order to sustain and improve provision of higher education in Ireland, with €600m of this required by 2021. Despite increases in funding in recent Budgets there will not be an additional €600m invested in

¹¹ <http://hea.ie/assets/uploads/2017/06/Who-Went-to-College-in-2004-A-National-Survey-of-New-Entrants-to-Higher-Education.pdf>

¹² <http://hea.ie/assets/uploads/2018/01/HEA-Key-Facts-And-Figures-2016-17-.pdf>

the sector by 2021. An estimation of the value of the higher education sector to the economy found that every €1 invested generates a return of approximately €911. Yet despite all of the reports and the economic evaluations we are no closer to developing a strategy to fund the sector. At the request of Government and the Oireachtas Committee on Education and Skills, the European Commission is (in 2020) conducting an economic evaluation of the funding options in the Cassells Report. Four years after the publication of the report there is still no strategy for the future funding of higher education in Ireland.

The Final Report of the Independent Expert Panel (Higher Education Authority, 2018) points out that funding requirements for higher education should be benchmarked against the funding in those countries we aspire to emulate and compete with. This is critical if we are to maintain our skills base while fostering innovation and upskilling the labour force. The Report recommends a transparent model of funding, providing clarity on where such funding is channelled, with flexibility of allocation depending on student demand and discipline-based weightings in favour of institutions providing courses which are high-cost, such as STEM, in line with the Government's policy to build skills-bases in these areas. *Social Justice Ireland* welcomes innovation in funding allocation and a move towards a more demand-based system to support students in their chosen careers.

Increasing demand for places combined with significant cuts in funding between 2010 and 2015 imply that it would be extremely difficult to fund the sector with a combination of limited public expenditure and student loans, meaning one of the recommendations of the HEA Report to supplement funding by way of 'income contingent loans' is no longer feasible. Ireland requires a sustainable funding strategy for higher education. This strategy must ensure that sufficient and sustainable revenue streams are made available for such investment on an annual basis, with annual reports and updates to the Joint Oireachtas Committee on Education on progress from higher education providers, the HEA, the Department of Education and Skills and other key stakeholders.

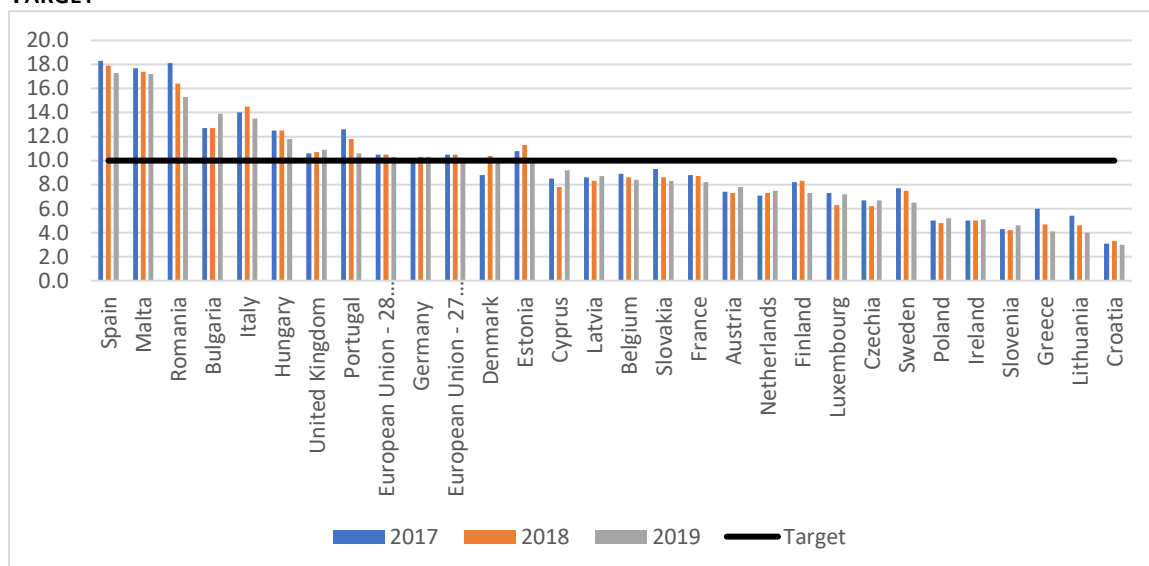
A broadening of access routes to higher education must also form part of any new funding strategy. If higher education is to integrate into lifelong learning and to play the leading role it can play in climate transition, and as the future of work and employment changes, a broadening of access routes is imperative. Investment in higher education will have to increase significantly over the next decade, regardless of which option or funding model Government decides to implement. Government should develop a framework to deliver sustainable funding revenues for higher education over the next five years with a roadmap to 2028. This framework should have clear medium and long-term targets. During 2020, *Social Justice Ireland* welcomed the 35,000 additional places in further and higher education that were announced as part of measures to address the COVID-19 crisis but also noted that this will do little to alleviate the funding crisis the sector faces (Social Justice Ireland, 2020a).

Another issue impacting on access to higher education is the prohibitive cost of accommodation for students who must study away from home. Lack of adequate student accommodation and a dearth of affordable private rented accommodation makes this a considerable additional cost for many families, which could act as a barrier for students from lower socio-economic backgrounds. The current maximum maintenance grant of €5,915 for families on long term social welfare payments is barely enough to cover housing and utilities, leaving little for other essentials. In

recent years, the financial pressures on students have compounded in the form of increasing accommodation costs with a lack of affordable student housing, larger class sizes, and the cost of lengthy commutes (Parliamentary Budget Office, 2019). Education can be transformative, particularly for those students from lower socio-economic backgrounds, but there is a window of opportunity for this transformation to take place if we are to halt the cycle of disadvantage and unemployment.

Turning now to the issue of early school leaving, another area where the Europe 2020 strategy set a target (see start of this Section, above). The EU-28 average for 18-24 year olds classified as early school-leavers was 10.3 per cent in 2019 (10.2 per cent, EU-27) (Eurostat, t2020_40). The corresponding figure for Ireland was 5.1 per cent. The rate of 5.1 per cent was marginally up on the 2018 rate but this rate had been steadily falling in recent years.

FIGURE 7 EARLY SCHOOL LEAVING: EU-28/EU-27. 2017-2019, WITH EUROPE 2020 STRATEGY TARGET



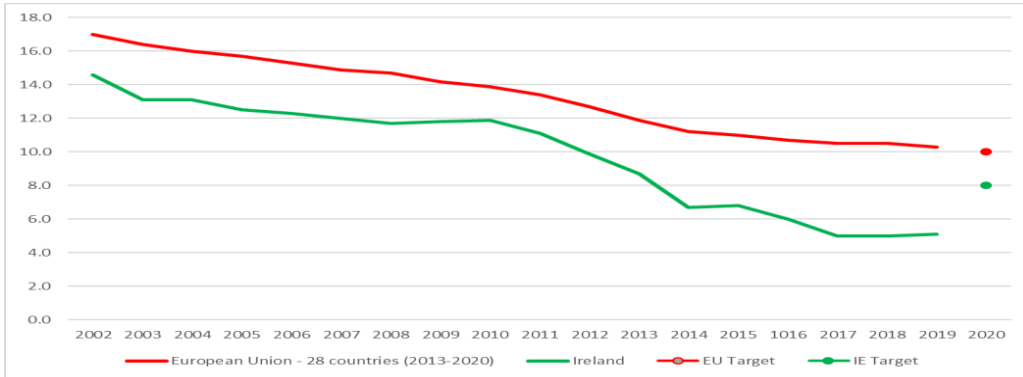
Source: Eurostat, t2020_40. Note: This relates to the percentage of the population aged 18-24 with at most lower secondary education and not in further education or training.

Based on the latest available figures across Europe, Ireland’s ranking is 5th lowest (EU28) (Eurostat, t2020_40). Ireland has reached and exceeded the target set in the National Reform Programme (of 8 per cent). See Figure 7 for European rankings. As **Figure 8** shows, a decrease in this rate was evident for several years, a very positive trend, that has recently levelled off. It is also true that, given that Ireland’s percentage of early school-leavers was 11.9 per cent in 2010, when the European 2020 Strategy was adopted, the 8 per cent target adopted by the Irish Government was not at all ambitious, something that *Social Justice Ireland* has continually argued.

A report published by the Central Statistics Office showed that Ireland ranked second in the EU for the percentage of people aged 20-24 with at least upper-second level education at 94 per cent (CSO, 2019a). However, early school-leaving not only presents problems for the school-leavers themselves, but it also has economic and social consequences for society. A review of the economic costs of early school leaving across Europe confirms that there are major costs to individuals, families, States and societies (European Commission, 2013). That study showed that

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

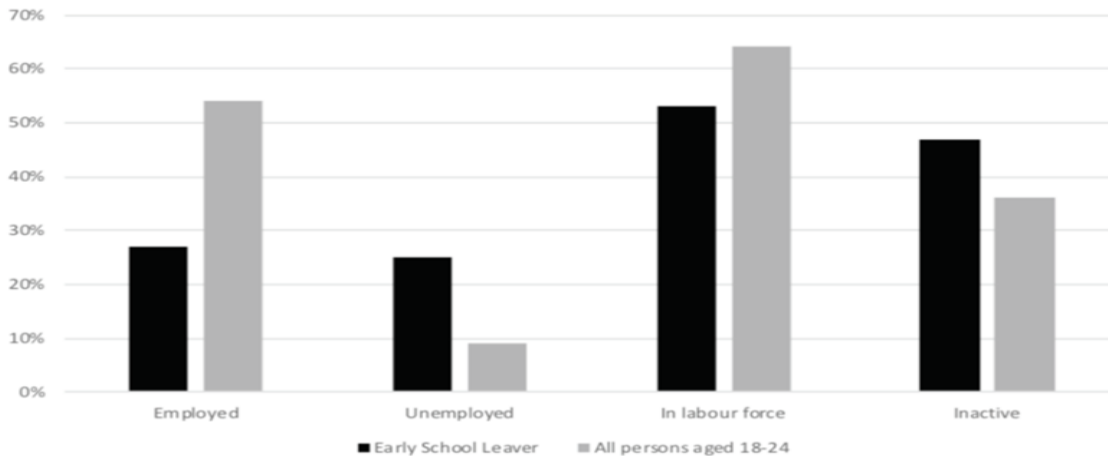
FIGURE 8 IRELAND AND EU: EARLY SCHOOL LEAVING RATE AMONGST 18-24 YEAR OLDS, 2002-2020



Source: Eurostat, t2020_40

According to the CSO (see **Figure 9**) an early school leaver is three times more likely to be unemployed than the general population aged 18-24. Only one in four of them are in employment compared to the general population for that age group and just under half (47 per cent) are not economically active. A further report by the CSO (2019b) analysed the outcomes for students who started second level education in 2011-2013. When comparing early school leavers to those who completed the Leaving Certificate the report found that just 43.8 per cent of early school leavers were in employment compared to 74 per cent of their peers who finished school, and that the median earnings for early school leavers were €65 less than their peers (€345 per week compared to €410 per week).

FIGURE 9 LABOUR MARKET STATUS FOR EARLY SCHOOL LEAVERS AND TOTAL POPULATION 18-24 YEAR OLDS, Q2, 2019



Source: CSO (2019a)

Despite the progress made on early school leaving these figures are a cause of concern. The poor labour market status of early school leavers as outlined in **Figure 9** points to the need for a continued focus on this cohort and on addressing educational disadvantage. As we move towards

a future where digital transformation will disrupt the labour market, having the greatest impact on people with lower levels of education and skills (OECD, 2019a), it is important that this cohort are not left behind.

Ireland's National Reform Programmes refer to the DEIS scheme as its key measure in tackling educational disadvantage (Government of Ireland, 2018; 2020). Evaluation suggests that the DEIS programme is having a positive effect on educational disadvantage – including on retention rates (to Leaving Certificate). However, unfortunately, the DEIS scheme suffered cut-backs in Budget 2012, which were subsequently only partially rolled back. More generally, capitation grants for schools were cut by more than 10 per cent following the economic crisis in 2008 and subsequent Budgets have not restored the value of these cuts (Healy et al, 2020, p.218). Increased and sustained funding and support for the DEIS scheme is required if it is to continue to support improvements in literacy, numeracy and early school leaving.

A working paper from the OECD has estimated the long-term impacts of COVID-19 induced learning disruption on the outcomes for students from the equivalent of first class at primary level to the leaving certificate and also considers the potential annual loss of GDP as a result of lower incomes, lower tax revenues, lower skill levels and productivity and higher reliance on social protection systems (Hanushek and Woessmann, 2020). It found that learning opportunities were significantly reduced during school closures and the reductions were greatest for disadvantaged children.

Ireland's early school leaving rate must also be viewed in light of the country's NEET rates (young people neither in education, employment nor training). Ireland's NEET rate has shown improvement in recent years. See **Table 4**, which sets out the NEETs rate for different age groups. For example, Ireland's NEET rate for 15-24 year olds has dropped considerably over time, which is very welcome, but at 10.1 per cent (2019) it is only at the EU-28 average (Eurostat database **edat_ifse-20**). When other age groups are examined, the Irish rates are higher, standing, for example, at 14.5 per cent for the age group 20-34 (2019) although under the EU-28 average of 16 per cent for that age group.

TABLE 4 NEET RATE, 2017 AND 2019, IRELAND AND EU-28

NEET Rate	Ireland 2017	Ireland 2019	EU-28 2019
Age 15-24	10.9	10.1	10.1
Age 18-24	13.2	12.4	13.2
Age 15-29	12.8	11.4	12.5
Age 20-34	15.9	14.5	16

Source: Eurostat online database **edat_ifse-20**

Clearly, despite making steady progress, Ireland still faces challenges in the area of early school leaving and young people not engaged in employment, education or training (NEETs), especially in disadvantaged areas. However, while the gap between retention rates in DEIS and non-DEIS

schools has halved since 2001, it still stands at 8.5 per cent¹³. Government must work to ensure that schools in disadvantaged areas are supported to bring the rate of early school leavers to Ireland's country specific target of 8 per cent that was set under the EU2020 Strategy. This would provide additional support for Ireland to revise its overall target downwards - say to 4 per cent. The recent Action Plan for Increasing Traveller Participation in Higher Education contains a broader view of access and recognises the need to support traditional and non-traditional routes to higher education. This broad view of access is pertinent when it comes to dealing with the issue of early school leaving.

The socio-economic effects of inequality in education are clearly seen in **Figure 10**. The longer a person stays in education the more likely they are to be in employment. 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 an individual's lifetime. According to the OECD, adults with a tertiary degree in Ireland earn on average 81 per cent more than adults with upper secondary education. They are more likely to be employed, the employment rate is 11 percentage points higher for degree holders than for those with an upper secondary or post-secondary non-tertiary education (OECD, 2019b). The benefits of investing in education, both to the individual, to the economy and to society, far outweigh any initial outlay of resources. This is something that should be at the forefront of decisions regarding the investment and resourcing of our education system as a whole.

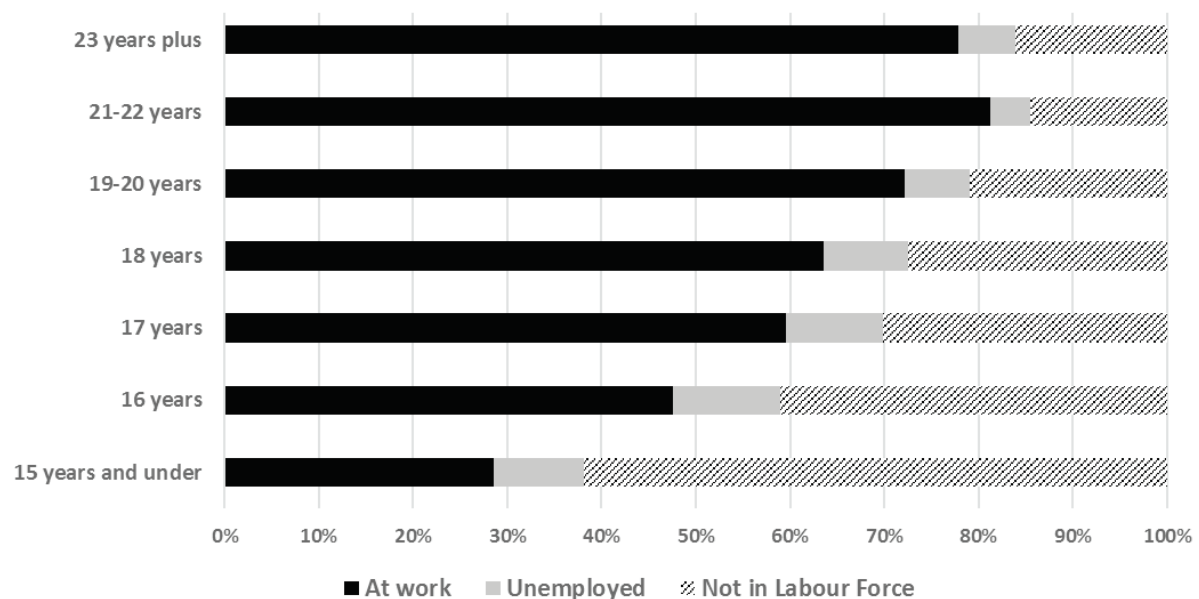
The OECD PIAAC (Programme for the International Assessment of Adult Competencies) study found that the children of parents with low levels of education have significantly lower proficiency than those whose parents have higher levels of education, thus continuing the cycle of disadvantage.¹⁴ This is echoed in the 2018 report by the OECD on education in Ireland (OECD, 2018a) which found that the educational attainment levels of 25-64 year olds are very similar to that of their parents and that 40 per cent of adults whose parents did not attain upper secondary education had also not completed upper secondary education.

Thus, the very significant disadvantages that flow from early school leaving, its prevalence, especially in schools in disadvantaged areas, and Ireland's NEETs rate suggests that early school leaving is an issue that requires attention from public policy. Overall, *Social Justice Ireland* believes 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, discussed below.

¹³ <https://www.education.ie/en/Publications/Statistics/Key-Statistics/educationindicators-for-ireland.pdf>

¹⁴ <http://www.oecd.org/skills/piaac/Ireland.pdf>

FIGURE 10: ECONOMIC STATUS BY AGE EDUCATION CEASED, 2016



Source: Census of Population 2016 – Profile 10 Education, Skills and the Irish Language, www.cso.ie

Ireland: Education More Generally

According to the most recent projections enrolments at primary level will peak at 566,220 in 2019, and enrolments at second level will peak at 402,176 in 2024 (Department of Education and Skills, 2019a). Thereafter numbers are projected to decline, with significant regional variations. At third level, the number of students is expected to increase annually between 2018 and 2030, peaking at 222,514 fulltime enrolments (Department of Education and Skills, 2018d).

These projections have obvious implications in terms of resourcing and meeting pupils’ needs as they move through the education system. While expenditure on education has increased in recent Budgets, it is worth noting that this increase in expenditure has been necessary to simply keep pace with existing demand, there are still areas within our education system which require reform and further resourcing. The Department should use these projections to inform investment and ensure that our education system has all of the resources that it requires to meet our national ambitions. The education system as a whole should be sufficiently resourced to ensure it has the capacity to meet current and future needs and to address the challenges outlined in this Section of this report.

A reduction in student numbers does not necessarily mean a knock on reduction in expenditure. The publication of a technical paper on developing a teacher demand and supply model is a useful first step in planning to meet current and future demands (Department of Education and Skills, 2019b). A surplus of teachers at primary and post primary level is projected in 2036 if no actions are taken now. Potentially we can implement policy instruments now to reduce our class sizes (particularly at primary level) and ensure that demand and supply are managed appropriately.

Issues such as how to best utilise existing resources (personnel or financial) to reduce pupil teacher ratios and to reduce class sizes, whilst ensuring our system adapts to meet changing needs, are just some of the areas that require in depth discussion and analysis. It is important that as student intake changes, existing resources are used to address persistent challenges within the education system such as pupil teacher ratios and addressing educational disadvantage which persists in our education systems. Expenditure on education in Ireland is not keeping pace with the increased number of students. Between 2010 and 2015 expenditure per student decreased by 15 per cent in primary to post-primary non-tertiary education and by 21 per cent in tertiary education while the number of students increased by 9 per cent and 13 per cent respectively (OECD, 2018a:4).

The National Risk Assessment (Department of an Taoiseach, 2017) identifies the lack of investment in education, and in particular higher education, as one of the six social risks facing Ireland and points to education as being among the areas of ‘acute concern’ to an increasing population. The Government’s commitment to the provision of quality education throughout the life-cycle is evidenced by how we compare to our European counterparts in terms of expenditure. While Ireland has the highest proportion of people aged 0-14 in the European Union and the third highest proportion of people aged 15-24, our expenditure on Education ranks 9th as a percentage of total general government expenditure (Healy et al, 2020). It is clear that a significant increase in funding is required if Ireland is to have a high quality education system that provides relevant education and training throughout the lifecycle.

As outlined at the outset of this Section, above, the Europe 2020 strategy only sets targets in two areas of education. There are also a number of areas of education where Ireland does not do well in international comparisons. These include:

- **ECCE:** Ireland traditionally did not invest public funds in **early childhood education** on any wide-scale basis although steps have been taken over recent years to address this (Early Childhood Care and Education preschool programme).
- **Literacy:** The OECD PIAAC study 2013 (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 (OECD, 2013).
- **Lifelong Learning:** Ireland’s participation rates in **lifelong-learning** do not compare well with other European countries, being well below the average.

In the remainder of this Section, we will 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, literacy issues, and lifelong learning.

Early-Childhood Education

Early childhood education and care has a profound and long-lasting impact on individual lives and on societies. It means that later learning is more effective and more likely to continue throughout life, lessening the risk of early school-leaving, increasing the equity of educational outcomes, and reducing costs for society in terms of lost talent and of public spending on social, health and even justice systems (European Commission 2011). Early childhood education and care has a profound and long-lasting impact on individual lives and on societies. It means that later learning is more effective and more likely to continue throughout life, lessening the risk of early school-leaving,

increasing the equity of educational outcomes, and reducing costs for society in terms of lost talent and of public spending on social, health and even justice systems (European Commission, 2011). Pupils who had access to quality early childhood education perform better on tests from PISA (Programme for International Student Assessment) than those who did not attend pre-primary education, even allowing for differences in their socio-economic backgrounds (OECD, 2016:233). In short, early childhood is the stage where education can most effectively influence the development of children and help reverse disadvantage (European Commission, 2011).

The most striking feature of investment in education in Ireland relative to other OECD countries is its under-investment in early childhood education. In a series of studies, Ireland is shown to spend less than most nations (just 0.1 per cent of GDP) on pre-primary education compared to an OECD average of 0.6 per cent and an average for participating EU countries of 0.7 per cent (OECD, 2018b, Table B.2,3a, p178). The introduction of the Early Childhood Care and Education (ECCE) Scheme in 2010 represented a positive first step in addressing these issues. The latest country report from the European Commission on Ireland notes that participation in early childhood education and care from age three is above the EU average (in 2018) (European Commission, 2020b). However, that report also considers that challenges remain to enhance the provision of early childhood education and care.

Ireland does not have a well-developed system of public provision of early education, and early childhood education and care are almost exclusively provided by private settings, although it is mainly financed by public sources (OECD, 2019b). A review of Early Years Education published by the Department of Education and Skills (2018a) found that while almost all services provide warm and welcoming environments and strong evidence of positive relations was found between the staff, the children and their families, there remained many challenges. Among those raised in the review are:

- the ability to provide rich outdoor learning opportunities for children, which is vitally important to development,
- the need to ensure all families and children are fully represented,
- the need to provide ongoing training and professional development for staff, and
- the need to improve working conditions for staff in the sector.

A well-resourced and integrated policy is required to address the issues raised in the review and to deliver high quality early years learning provision for children and their families. 'First 5: A Whole of Government Strategy for Babies, Young Children and their Families' contains welcome high-level policy commitments and strategic actions. In order to deliver on the commitment of all children having access to safe, high-quality, developmentally appropriate early childhood education, long-term planning and sufficient resourcing are vital to embed quality and deliver on this commitment. As early education providers often provide childcare for children under three, this sector is impacted by the challenges facing that sector in terms of providing sufficient places, concerns regarding wage levels and staff turnover, and quality of service provided. While the ECCE scheme has proved very successful, consideration must be given as to what resourcing is required to ensure a quality and flexible services is provided where parents, children and service providers have certainty and confidence in the support model for this sector. It is clear that there is a role for increased State funding in this area.

It is also necessary to distinguish between provision of early childhood education (which is only available during the school year and for a small number of hours) and quality and affordable childcare. The issue of childcare is of concern to the European Commission and features in Country-Specific Recommendations for Ireland. For example, concern has been registered about quality childcare provisions, including the availability of fulltime services and the fact that, as a percentage of wages, net childcare costs in Ireland are among the highest in the EU (European Commission 2017a; 2018c). The latest country-specific report for Ireland suggests that the cost of formal childcare in Ireland affects low-income families to a greater extent and, for them, net costs of childcare costs as a percentage of disposable income were among the highest in 2018 (European Commission 2020b). (For a discussion of childcare by *Social Justice Ireland* see Healy *et al.* 2020, Chapter 9.)

A well-resourced and integrated policy is required to address the issues raised in this Report and to deliver high quality early years learning provision for children and their families. As mentioned, 'First 5: A Whole of Government Strategy for Babies, Young Children and their Families' contains welcome high-level policy commitments and strategic actions. In order to deliver on the commitment of all children having access to safe, high-quality, developmentally appropriate early childhood education, long-term planning and sufficient resourcing are vital to embed quality and deliver on this commitment.

Literacy – Adults and Children

In its 2015 iteration, the Irish Government's National Reform Programme referred to the issue of **adult literacy** for the first time, reflecting issues that had been raised at a consultative forum by voluntary organisations and others (in March 2015). *Social Justice Ireland* welcomed this. Unfortunately, adult literacy did not feature in later iterations of the National Reform Programme (Government of Ireland 2016; 2017;2018) and only minimally in the latest version (Government of Ireland, 2020a). Poor adult literacy standards are 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 as others (OECD, 2013) and are more likely to report poor health outcomes and are less likely to participate in social and civic life.

The OECD PIAAC study in 2013, which provides the most up to date data on adult literacy in Ireland¹⁵, 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 17th out of 24 countries with 18 per cent of Irish adults¹⁶ 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 2013; OECD, 2013).

On numeracy Ireland is placed 19th out of 24 countries with 26 per cent of Irish adults scoring at or below level 1. In the final category, problem solving in technology rich environments, 42 per cent of Irish adults scored at or below level 1. All of this means that a very significant proportion of the adult population does not have the most basic literacy, numeracy and information-processing skills that are necessary to successfully negotiate today's world.

¹⁵ The second cycle of the Survey of Adult Skills (PIAAC) is taking place from 2018-2023,

¹⁶ Those aged 16-65

The Further Education Strategy 2014-2019 includes reference to the issue of literacy and numeracy and includes 12 actions described as a 'literacy and numeracy strategy'. *Social Justice Ireland* welcomed the reference to development of an 'Upskilling Pathways Plan – New Opportunities for Adults' included in the Action Plan for Education 2018 (Department of Education and Skills, 2018b) aimed at helping adults attain a basic level of literacy, numeracy and digital skills, and called on Government to provide ambitious targets incorporating all recommendations made by the Council of the European Union in their Recommendation of the 19th December 2016.

Basic literacy skills are required for higher-order skills and 'learning to learn' skills, which are necessary for participating and engaging in the economy. Accurate reporting is critical to determining future education policy. *Social Justice Ireland* calls for continued assessment of literacy and numeracy rates in throughout the education system in order to inform the Government's plans for reform. The serious issue of adult literacy deserves a detailed high-level strategy, one that is more comprehensive than the commitments incorporated in the current strategy. The case for ambitious literacy targets and investment in education and lifelong learning are further supported by Ireland's poor performance in PIAAC. *Social Justice Ireland* urges 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.

Skills Development: The OECD has called skills 'the new global currency of 21st Century economies' (OECD, 2012a). By providing workers with increased skills, countries can ensure that globalisation translates into job creation and increased productivity, rather than negative economic and social outcomes (OECD, 2017). Ireland's performance on digital skills is concerning (see **Figure 11**). The skills that are easiest to automate or outsource are routine technical skills. Educational success is now about creative and critical approaches to problem solving, decision making and persuasion, applying the knowledge that we have to different situations. It is about the capacity to live in a multifaceted world as an active and engaged citizen (Schleicher, 2018).

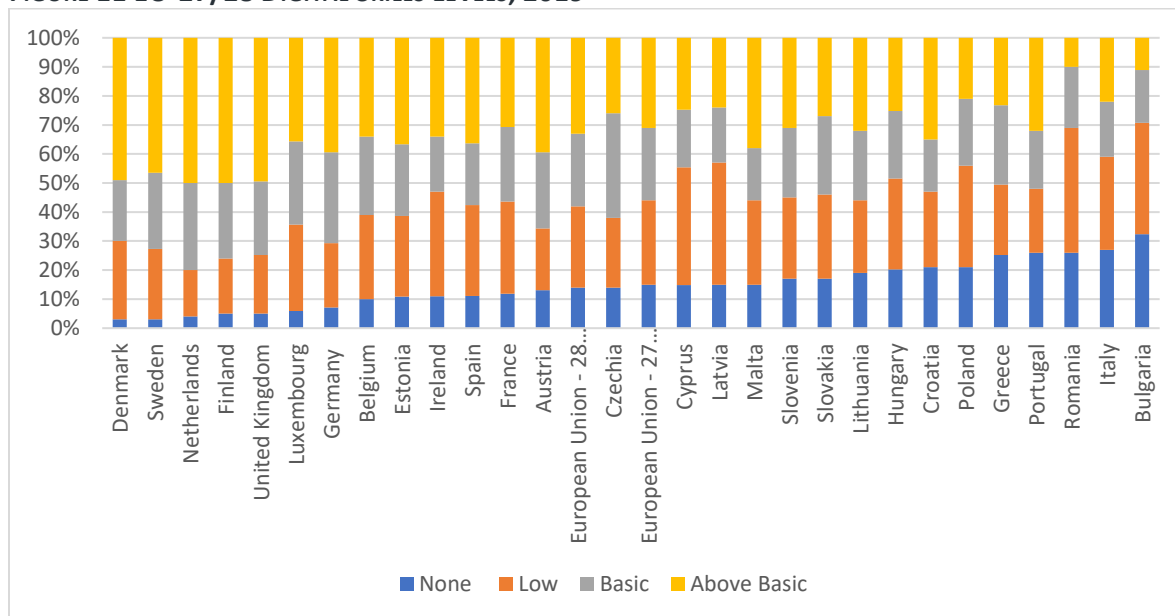
According to the World Economic Forum (2018) without investment in social welfare, training, skills development and education systems we risk facing into an era of technological change accompanied by job losses, mass unemployment, growing inequality and skills shortages. This report also points to the skills that will be in demand by 2022 which include analytical thinking and innovation, technology competencies, active learning creativity, originality and initiative, critical thinking, persuasion and negotiation.

This is supported by the OECD in a report on Well-being in the Digital Age (OECD, 2019a) which found that the digital transformation could compound existing socioeconomic inequalities, with the benefits in terms of earnings and opportunities accruing to a few, and the risks falling more heavily on people with lower levels of education and skills. The report notes that 14 per cent of all jobs are at high risk of being lost due to automation, with another 32 per cent at risk of significant change over the next 10 to 20 years. This means that nearly half of the labour force will be impacted by changes to their jobs as a result of automation by 2040. Our training and skills development policy must be adapted to meet this challenge.

Figure 11 illustrates overall digital skill levels across the EU. Ireland performs relatively poorly. In 2019, 53 per cent of the adult population had an overall basic or above basic level of digital skills,

below the EU average (58 per cent). Looking at ‘above basic skills’, only 34 per cent of the adult population fell into this category, which was similar to the EU-28 average (33 per cent) but very much below higher performing countries such as Finland, the Netherlands, Denmark or the UK (all at 49 or 50 per cent). In Ireland, those with low or no skills amounted to almost 50 per cent of the population (47 per cent). Ireland’s National Reform Programme for 2020 (Government of Ireland, 2020a) notes that a target has now been set in *Future Jobs Ireland* to increase the percentage of the population with at least basic digital skills from to the EU average by 2025 (58 per cent). Clearly one implication is that expenditure on training will have to increase something noted by the European Commission in its 2019 country report for Ireland, stating that lack of basic digital skills among those in employment remains a concern and requires further investment (European Commission, 2019b).

FIGURE 11 EU-27/28 DIGITAL SKILLS LEVELS, 2019



Source: Eurostat online database `isoc_sk_dskl_i` % of the total number of individuals aged 16 to 74. **Note:** ‘None’ includes those whose levels could not be assessed because individuals have not used the internet in the last 3 months

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

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

- Foundational skills (e.g. literacy, numeracy) for all should be promoted by improving the recognition of skills acquired after initial education.

Ongoing skills development and lifelong learning for people in employment and people who are not in employment must become an integral part of the education system. The Human Capital Initiative was a welcome first step in this regard. However, significantly more work is required to prepare for the impact of digitalisation. The Government's ICT Action Plan 2022 must be revised in light of the OECD recommendations. The primary focus of the action plan is on increasing ICT graduates, trainees and apprentices. It must be broadened to incorporate the impact of technological change on workers and how best to assist in terms of resourcing, retraining and upskilling.

The Europe 2020 Strategy does not set a headline target for literacy levels, but the ET 2020 framework does in the case of **younger people** and we briefly give that issue some attention now (see Healy et al 2020, Chapter 8 for a lengthier consideration of these issues). The ET target is for less than 15 per cent of 15-years olds with 'insufficient abilities in reading, mathematics and science'.

Primary Level Education: There are 566,220 pupils in primary level education in Ireland with numbers projected to peak in 2019 and decline thereafter. Ireland has a pupil teacher ratio (PTR) at primary level of 15.3 (the EU average is 14.7) and an average class size of 25 (the EU average is 20). Clearly there is progress to be made in terms of reducing our PTR and class sizes. As smaller class sizes make the biggest difference to the youngest classes, Government policy must ensure that the PTR in the youngest classes in primary school is at a level which allows teachers to provide early interventions without disruption. This is vital to ensure the best educational outcomes for all children and a smooth transition from early years settings to the formal education system. The intention in the *Action Plan for Education 2018* to improve the information transfer between pre-primary and primary level to support early interventions where necessary is welcome.

At primary level, Ireland performed well in the 2015 TIMSS (an assessment of mathematics and science) and fourth class students in 2015 recorded a significantly higher score in mathematics and science than in 2011 and 1995¹⁷. In terms of reading skills, Ireland performed extremely well in the PIRLS assessment, ranking fourth of the fifty countries who participated in reading skills, and third in reading skills in an online environment. The results marked a significant improvement on PIRLS 2011 (Eivers and Delaney, 2018:4).

The TIMSS and PIRLS assessments were based on a sample of all primary schools, on which Ireland can be credited with performing well, but what happens to literacy and numeracy levels if we isolate those primary schools in disadvantaged areas? The Educational Research Centre has published a series of reports on educational disadvantage and the DEIS (Delivering Equality of opportunity In Schools) programme. Some of the key findings are (Education Research Centre, 2017b,c):

- modest increases in both reading and mathematics were observed between 2013 and 2016, smaller than the increases reported in the period 2010 to 2013.
- DEIS Band 2 schools fared better in literacy and numeracy skills, meeting or

¹⁷ <http://www.erc.ie/studies/timss/>

exceeding national levels in both, than Band 1 schools which are in areas of greater disadvantage.

- reducing class sizes in disadvantaged areas has proved effective once adequately resourced and supported, with a recommendation that class sizes remain below 20 pupils.

The *Action Plan for Education 2018* (Department of Education and Skills, 2018b) seeks to address the disparity between DEIS Bands by increasing literacy and numeracy levels in DEIS Band 1 schools. However, the target improvement rates of between 27 and 42 per cent by 2020 do not demonstrate sufficient ambition to really effect change and many young adults will have fallen out of education into low-paid precarious employment before even these targets are met. In terms of policy, the focus must be on keeping average class sizes below 20 (as per Education Research Centre findings, outlined above), reducing the pupil teacher ratio further and ensuring that all DEIS Band 1 and 2 schools have sufficient resources to implement strategies to improve literacy and numeracy outcomes for pupils.

A report on urban primary schools found that the achievement of pupils in schools with concentrations of pupils from disadvantaged backgrounds is well below that of other schools despite improvements since 2007 (Kavanagh and Weir, 2018). The authors conclude that, with family poverty remaining the largest determinant of educational outcomes, the achievement gap between children from poor backgrounds and their more affluent peers will likely continue until economic inequality is addressed.

One of the most alarming statistics from the OECD PIAAC study is that the children of parents with low levels of education have significantly lower proficiency than those whose parents have higher levels of education, thus continuing the cycle of disadvantage. Education alone cannot solve income inadequacy and inequality. It is vital that Government, through the Department of An Taoiseach, take the lead in implementing the *new Roadmap for Social Inclusion 2020-2025* to ensure better outcomes for all. Addressing Ireland's stubbornly high levels of poverty and inequality will lead to improved educational outcomes for everyone (see Section 4 of this report).

Turning to **second level education**, Irish second-level students performed well in the 2019 PISA tests in reading, literacy, mathematics and science, scoring above the OECD average in all three domains¹⁸. In reading and literacy, Ireland ranked 4th out of 36 OECD countries. Ireland has significantly fewer lower performing students on all three domains compared to the OECD average. The performance of Ireland's fifteen-year-olds shows a trend of steady performance since 2003, with results comparable to 2012 and 2015¹⁹. However,

- In reading literacy, 11.8 per cent of students in Ireland perform below Proficiency Level 2 (the OECD considers Level 2 to be the baseline proficiency for all three domains) implying they have insufficient reading skills to deal with future needs in real-life or further education.
- In Science, 17 per cent of students performed below Level 2 – higher than the target of 10 per cent set out in the Action Plan for Education 2016-2019, to be

¹⁸ Programmes for International Student Assessment (PISA) assesses the preparedness of 15-year-olds to meet the challenges they may encounter in their future lives, including education.

¹⁹ Caution is urged when comparing with 2009 results due to concerns regarding the statistical model and Ireland's overall results that year (McKeown et al, 2019 pxix).

achieved by 2025.

- In mathematics, 15.7 per cent of students in Ireland performed below Level 2, indicating that they lacked the mathematical knowledge and skills required for future education and work.

Across the three domains (of reading literacy, science and mathematics), Ireland has below average proportions of low-performing students. However, given the fact that so many students have insufficient skills to deal with future needs in real life, participation in further education or employment should be a cause of considerable concern to policy makers. We are still some distance away from achieving the targets set out in the Action Plan for Education. Despite steady progress, significant variations in proficiency remain in Ireland between students in DEIS and non-DEIS schools. Students attending DEIS schools score much lower on all three domains, pointing to the need to continue to focus resources on addressing educational disadvantage. Conversely, students from fee paying schools continue to significantly out-perform those from non-fee paying schools, scoring considerably higher than students in non-fee paying schools on all three domains (McKeown et al, 2019).

Progress on meeting the targets set out in the National Literacy and Numeracy Strategy 2017-2021 at second-level is slower than that at primary level. However, the impact of measures in the strategy to improve literacy and numeracy at second level (including Project Maths) is reflected in the improvements in the PISA results between 2012, 2015 and 2018. The strategy also proposes fundamental changes to teacher education and the curriculum in schools and radical improvements in the assessment and reporting of progress at student, school and national level. Progress on this issue is overdue, and budgetary and economic constraints must not be allowed to impede the implementation of the strategy.

The most recent evaluation of DEIS at post-primary level finds that there have been marked positive improvements in attainment and achievement in DEIS post-primary schools since 2002. There has been an increase in retention rates in junior and senior cycle in DEIS post primary schools and an increase in the proportion of students in DEIS schools taking Higher Level papers in English and Mathematics. The fact that the achievement and attainment gaps between DEIS and non-DEIS post primary schools is closing is very positive. However, significant gaps still exist and this is a cause for concern. One of the key findings of this report echoes that of the evaluation of DEIS at primary level; that many of the achievement gaps that still exist have their basis in income inequality (Weir and Kavanagh, 2019). *Social Justice Ireland* supports the provision of extra resources to DEIS schools to ensure that all students, but particularly those in disadvantaged areas, have equality of opportunity. More discussion from *Social Justice Ireland* of education policy is available in Healy et al 2020, Chapter 8.

Lifelong Learning

Life-long learning was recognised at European level as potentially making a significant contribution to meeting the Europe 2020 goals (Council of the European Union, 2011). The Council called 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). The European Commission recognised the importance of lifelong learning for the attainment of the Europe 2020 strategy

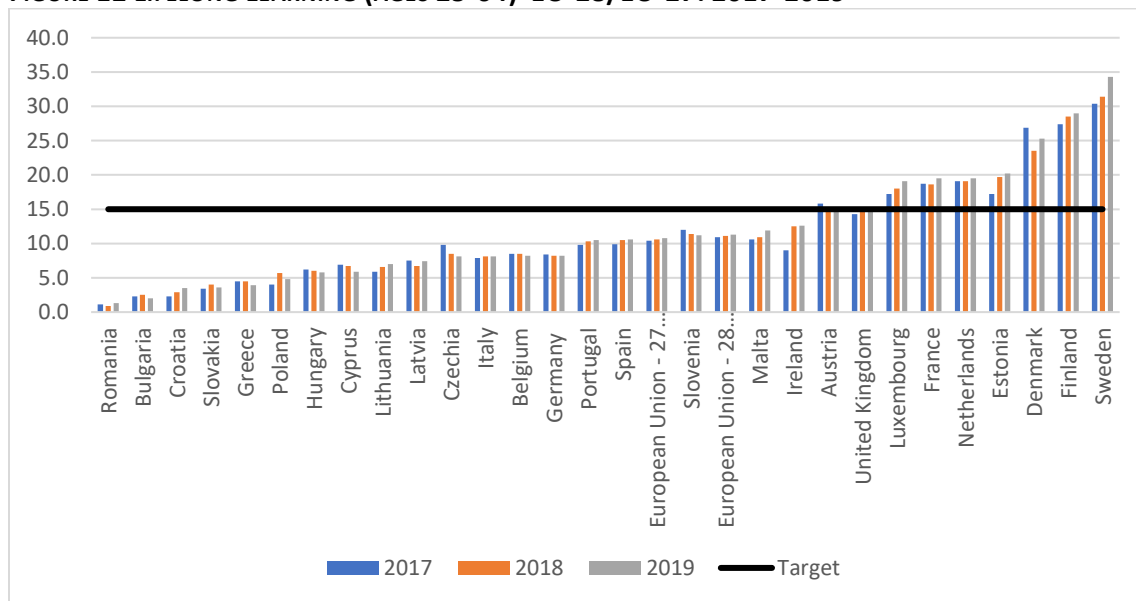
objectives, noting that Europe would not be able to realise the vision of smart growth, set out in the Europe 2020 Strategy, if its workers lose employability as they grow older (2013).

Lifelong learning has an important contribution to make to people’s wellbeing, to creating a more inclusive society and to supporting a vibrant and sustainable economy. Lifelong learning and community education also bring major social and health benefits to participants outside the labour force (see Aontas 2011) and this non-vocational element must also be resourced.

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 per cent of adults aged 25 to 64 should participate in lifelong learning (Council of the European Union, 2009). Ireland’s National Reform Programme for 2020 (Government of Ireland, 2020a) notes that a target has been set in *Future Jobs Ireland* to reach a rate of 18 per cent by 2025. As progress is being made, Government should consider revising our target to reach 15 per cent by 2021 and 20 per cent by 2026.

Figure 12 shows European participation rates in education or training (or lifelong learning)²⁰ for 2017 to 2019 relative to the target of 15 per cent (EU 28) (ages 25-64). It can be seen how, with a participation rate of 12.6 per cent, Ireland is slightly above the European average of 11.3 per cent, but well below the target of 15 per cent set in Europe 2020. Ireland lags very far indeed behind the rates reported in the highest performing countries such as Sweden, Finland and Denmark, all of whom have participation rates above 25 per cent (2017) (Eurostat [trng_lfs_4w0](#)).

FIGURE 12 LIFELONG LEARNING (AGES 25-64) EU-28/EU-27: 2017-2019

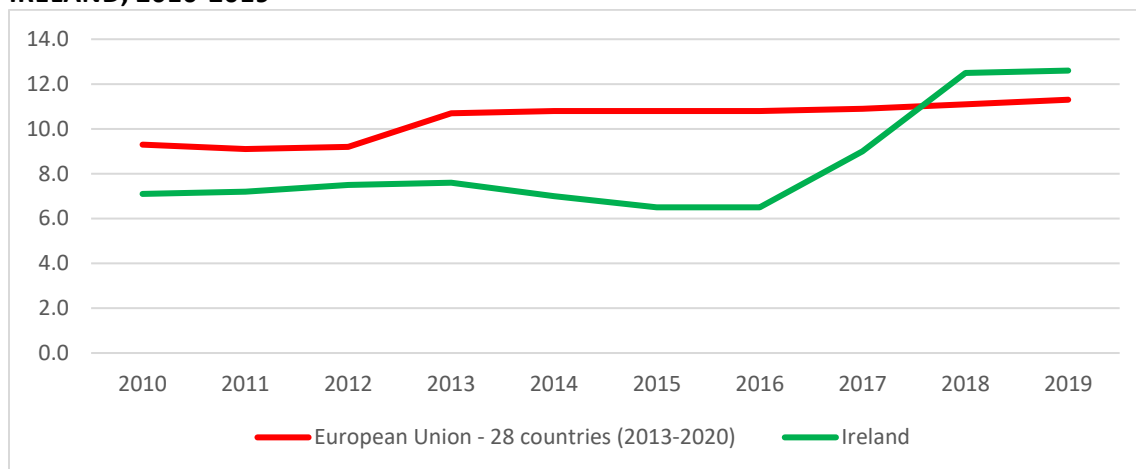


²⁰ The participation rate in education and training covers participation in formal and non-formal education and training. The reference period for the participation in education and training is the four weeks prior to the interview (numerator). The denominator consists of the total population of the same age group, excluding those who did not answer 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, [trng_lfs_4w0](#)).

Source: Eurostat, Online database **trng_lfse_01** (formerly tsdsc440). Shows participation rate in education and training (last 4 weeks) with 15 per cent target set in the ET2020 Strategy.

However, having been static for years, Ireland's rate has undergone considerable improvement over the past decade. It has notably improved since 2016 (Eurostat **trng_lfs_4w0**). See **Figure 13**, which indicates the trend in Ireland in recent years and how it compares with the EU-28 average trend. However, unfortunately, there appears now to be a levelling off, as the rate has not improved in the most recent years having been 12.5 per cent in 2018 and 12.6 percent in 2019.

FIGURE 13: PARTICIPATION RATES (AGES 25-64) IN LIFELONG LEARNING; EU-28 AND IRELAND, 2010-2019



Source: Eurostat, Online database **trng_lfse_01**(formerly tsdsc440).

Access to lifelong learning should be an integral part of the education system in order to address the income and labour market challenges that some members of society face. It also must be accessible and flexible to address the challenges of unmet demand and being difficult to access which were identified in the Adult Skills Survey (CSO 2018a). Those engaged in lifelong learning are more likely to be professionals than low-killed operatives and employed in public administration, professional services and finance, sectors that are more likely to provide in-house training, continuous professional development and have policies for subsidising education, than the retail or construction sectors. Employers must be encouraged and incentivised to participate in the development of any lifelong learning strategies. This not only supports the development of the employee, but contributes to the retention rate and effectiveness of the business, which in turn reduces the costs associated with hiring and developing new staff.

Various agencies (European Commission, Expert Group on Future Skills Needs) identify generic skills and key competences as a core element of the lifelong learning framework. These include basic skills such as literacy, numeracy, digital competence, language skills, people-related and conceptual skills, critical thinking, problem solving, creativity, risk assessment and decision making. The *Action Plan for Education 2018* contains a commitment to rolling out Springboard+ 2018 offering courses to all those in employment for the first time and developing new traineeships and apprenticeships. These actions are to be welcomed, but need to be developed and extended to all employees who wish to partake in further education. *Social Justice Ireland* welcomed the Department of Education commitment to doubling the number of apprenticeships

registered to 9,000 by 2020, with 26 new national apprenticeships approved for further development across a range of sectors including healthcare assistants. In order to meet this target Government must implement the five action areas identified in the review of apprenticeship participation (SOLAS, 2018).

A recent report from the Expert Group on Future Skills Needs (2018) examined the potential impacts of digitalisation on the workforce in Ireland. The findings indicate significant disruption on job roles and tasks with increased career changes, constant reskilling, and workforce transitions to become a feature for employees. One in three jobs in Ireland has a high risk of being disrupted by digital technologies, although the report points out that this is more likely to mean changes to job roles and tasks rather than job losses. The sectors most at risk are retail, transport, hospitality, agriculture and manufacturing.

The most significant finding for policy is that the jobs at highest risk are elementary, low-skilled occupations and the impact is most likely to be felt by people with lower levels of educational attainment. These findings are reinforced by the SOLAS Quarterly Skills Bulletin on Older Workers Q2 2019. This report focusses on workers aged 50-59 and it concluded that measures must be taken to protect older workers from the threat of technological changes in the workplace. Among the key findings were:

- There were 425,800 people aged 50-59 in employment in Q4 2018;
- Over 176,000 people aged 50-59 in employment had attained an educational qualification of upper secondary or less;
- Technological change will have the greatest impact on people employed in elementary, administrative, sales and operative roles;
- Approximately one third (146,300) of workers aged 50-59 are employed in these occupations.

The report found that engagement with lifelong learning declines with age, and that those with lower educational qualifications are less likely to take part in lifelong learning. This is the very group that lifelong learning policy should be targeting. It is clear that Further Education and Training and Lifelong Learning should play an integral role in the lives of people in the labour force to prepare people for the impact of digitalisation and to enable them to take full advantages of potential opportunities.

Also part of the context here is Ireland's proposed raising of the state pension age (to 66 in 2014 and scheduled to rise further to reach 68 by 2028). Yet it is recognised that most workplace training is skewed towards the earlier part of the career cycle (the Interdepartmental Group Report on Longer Working Lives, 2016), and the Adult skills Survey (CSO 2018a) suggests that younger people are more likely to participate in lifelong learning than older people (by which they mean those aged 55-64). These issues need to be addressed if longer working lives are to be achieved.

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.

Ireland and the Europe 2020 Strategy Targets:

The targets set in the Europe 2020 strategy were limited to rates for participation in tertiary education and early-school leaving, and thus they cover a limited spectrum of issues discussed in this Chapter that need action. However, as discussed above, Ireland compares well relative to many European countries in terms of the two headline targets relating to education established under the Europe 2020 Strategy:

Share of 30-34 year olds who have completed tertiary or equivalent education: At 55.4 per cent in 2019, Ireland had exceeded the European target (40 per cent) but had not reached its national target (60 per cent).

Early School Leaving: To reduce the percentage of 18-24 year olds with at most lower secondary education and not in further education: The 8 per cent target adopted by the Irish Government was not at all ambitious. The 2019 rate for Ireland was 5.1 per cent, which means that Ireland has exceeded the target set.

Ireland and the Europe 2020 Strategy Targets – looking to the future:

This Section has considered many other issues that require action within the Irish education system. Although the funding available for education increased in Budgets from 2016, the deficits that exist within the system, particularly as a result of the austerity budgeting years, require significant additional resources. This requires the development of a long-term education policy strategy across the whole educational spectrum to ensure that education and continuous upskilling and development of the workforce is prioritised if Ireland is to remain competitive in an increasingly global marketplace and ensure the availability of sustainable employment.

Government must develop and commit to a long-term sustainable funding strategy for education at all stages, recognising the importance of a life-cycle approach to educational support. This funding strategy should incorporate capital and current expenditure and be coherent with present strategies and funding already allocated as part of Ireland 2040. The overall priority must be to deliver multiannual funding linked to long-term strategies at all levels. The Joint Oireachtas Committee on Education and Skills should play a key role in monitoring the implementation of this funding strategy and the outputs in achieving strategic priorities.

Social Justice Ireland believes that the following policy positions should be adopted in responding to educational disadvantage:

- Deliver a long-term sustainable, appropriately funded education strategy that takes a whole-person, life-cycle approach to learning with due consideration to education as a part of the commons;

- Make the improvement of educational outcomes for pupils from disadvantaged backgrounds and disadvantaged communities a policy priority with additional resources focussed on addressing the persistence of educational disadvantage;
- Commit to increasing investment in Early Childhood Care and Education by 0.1 per cent of GDP annually to meet the OECD average by 2025;
- Incorporate the latest OECD recommendations on training and lifelong learning into the National Skills Strategy and revise our target to reach 15 per cent by 2021 and to reach 20 per cent by 2026, ensuring sufficient resources are made available;
- Develop an integrated skills development, digital transition, vocational training, apprenticeship and reskilling strategy as part of the lifelong learning strategy and the Human Capital Initiative;
- Develop a framework to deliver sustainable funding revenues for higher education over the next five years with a roadmap to 2028.

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 exclusion²¹

Ireland, Headline Target, 2011: To reduce the number experiencing consistent poverty to between 2-4 per cent 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).

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, 2013-2019).

Ireland, Revised Headline Target: To reduce consistent poverty to 4 per cent by 2016 (interim target) and to 2 per cent or less by 2020, from the 2010 baseline rate of 6.3²² per cent.

Children: New Sub-target for 2020 (from 2014):

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)

The setting of the above new sub-target for poverty reduction amongst children was referred to in the National Reform Programme for 2014 (and in some subsequent iterations) by reference to the National Policy Framework for Children and Young People 2014-2020 (*Better Outcomes: Brighter Futures*).

The baseline rate for 2011 on which the consistent poverty target was based was 107,000 (Department of Employment Affairs and Social Protection 2018).

Most recently, in its *Roadmap for Social Inclusion, 2020-2025*, Government has again set the national poverty target - to reduce the national consistent poverty rate to 2 per cent or less of the population and to make Ireland one of the most socially inclusive States in the EU by 2025 (Government of Ireland, 2020b). *Social Justice Ireland* participated in the consultation process on the revision of this and other poverty targets. While we agree with the revised 2 per cent consistent poverty target (it is not possible to measure below this 2 per cent level using survey data) we proposed that this target should be accompanied by other targets focused on the overall population and vulnerable groups. It should also be noted that, despite various Governments establishing and revising headline poverty targets for consistent poverty on a number of occasions over the past decade, these have not been achieved.

²¹ This target 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).

²² This reflects a revised figure released by the CSO in 2011

As regards childhood poverty, Government's *Roadmap* (2020b) reaffirmed a commitment to the national target of reducing the number of children in consistent poverty by 70,000 from its 2011 level while also acknowledging that the figure had actually increased subsequent to the setting of the target before reducing again by 2018. The *Roadmap* also committed to other targets, including a child poverty target using the standard EU measure of At Risk of Poverty or Social Exclusion (AROPE) (explained below). The target set is to move from an AROPE rate for children of 23.9 per cent for children (up to age 18) to a rate of 16 per cent or less (Government of Ireland, 2020b).

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 - of 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 Commission and the UN in recent years adopted a poverty line located at 60 per cent of median income²³ 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 for some time by the Irish Central Statistics Office (CSO) in its SILC surveys.

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

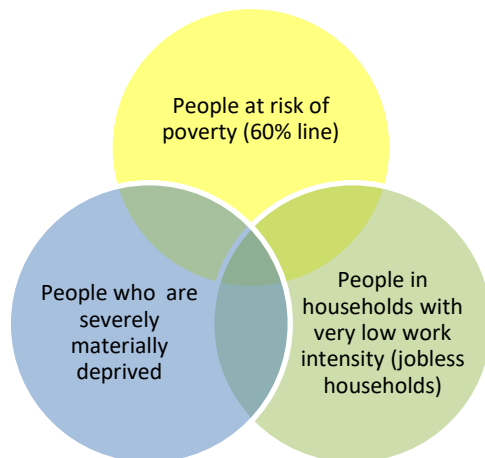
- below a country-specific relative income poverty threshold (the at-risk-of-poverty rate),
- above a material deprivation measure, or
- in a 'jobless' household.

The Europe 2020 Strategy for the first time combined the three to identify an overall target group 'at risk of poverty and exclusion'²⁴. Meeting *any* of the criteria will suffice to be counted within the target population.

²³ '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)

²⁴ 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, t2020_50).

FIGURE 14: DIAGRAM: EUROPE 2020 STRATEGY: AT RISK OF POVERTY OR SOCIAL EXCLUSION INDICATOR



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

The Irish headline target related to ‘consistent poverty,’ which was the poverty target used in the *National Action Plan for Social Inclusion, 2007-2016*, and reflected Ireland’s use of two indicators to measure poverty and exclusion: at risk of poverty (below the 60 per cent 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 exclusion²⁵’ (or AROPE). 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 poor people. We will look at it specifically below and it is indicated figuratively in **Figure 22** below.

The revised target contained in the Government’s National Reform Programme Update, 2012, and in subsequent National Reform Programmes, represented a change in both the baseline rate (from a 2008 rate of 4.2 per cent in consistent poverty, to a 2010 baseline rate of 6.3 per cent) and in the timetable for achieving it.

The terminology was changed as regards how the numbers 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

²⁵ The definitions also 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).

also questionable in the opinion of commentators.²⁶ However, another sub-target – for jobless households – was announced but not defined²⁷.

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 per cent of the total population (figures from prior to the crisis),
- 19 million children at risk of poverty,
- 8 per cent of people who worked were still below the poverty line,
- With the economic crisis, the situation had worsened,
- Young people, migrants and the low skilled have experienced the greatest increases in unemployment.

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

One of the aims of the flagship initiative ‘European Platform against Poverty’ was 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: 19). Action was 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.

In its 2018 Annual Report, the European Social Protection Committee (2018) noted that Europe remained far from reaching the Europe 2020 poverty and social exclusion target. Several trends of concern were still apparent, including the still widening depth of poverty risk in many Member States, the rising trend in in-work poverty risk in several countries, and the still increasing risk of poverty for people in (quasi-)jobless households. More recently, the Committee (European Social Protection Committee, 2020) noted that the number of people at risk of poverty or social exclusion remained above the poverty reduction target set in the Europe 2020 strategy but that until the start of 2020, the EU had been benefiting from continued economic growth and high employment, which had led to improvements in the social situation. However, the period of steady economic growth and corresponding improvements in the social situation in most European countries came to an end in the spring of 2020, when the COVID-19 pandemic swept

²⁶ 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).

²⁷The 2014 National Reform Programme indicated that this was pending further analysis.

across Europe. The outbreak resulted in unprecedented disruptions in economic, employment and social conditions (European Social Protection Committee, 2020).

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. In this section, we will first look at how Ireland is performing when analysed under the ‘poverty and social 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 Section with some recommendations.

Ireland and the EU Poverty Indicators

As we prepare this report the statistics given for Ireland relate to 2019, 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 went from 23.7 per cent in 2008 to over 30 per cent at its peak in 2012 (when it represented almost 1.4 million people). Since then it has reduced to 20.6 per cent or more than 1 million people – and still represented a very sizeable proportion of the Irish population in 2019. See **Table 5**.

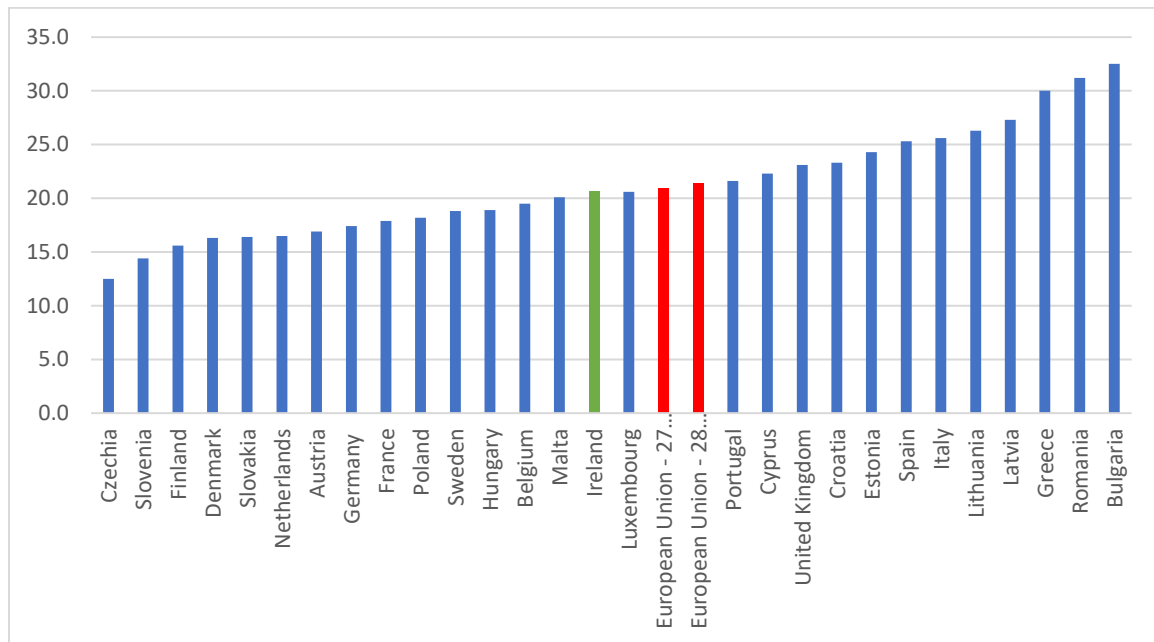
TABLE 5 IRELAND: POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION, 2005-2019

	2005	2006	2007	2008	2009	2010	2012	2013	2014	2015	2016	2017	2018	2019
%	25	23.3	23.1	23.7	25.7	27.3	30.1	29.9	27.7	26.2	24.4	22.7	21.1	20.6
Number of People (000s)	1,038,991	1,005	1,050	1,150	1,220	1,382	1,377	1,279	1,230	1,160	1,088	1,026	1,014	

Source: Eurostat, t2020_50.

Figure 15 shows that, despite improvements in the recent past, Ireland still has a rate of poverty or social exclusion (20.6 per cent) that is just below the European average (of 21.4 per cent, EU-28/20.9 per cent EU-27).

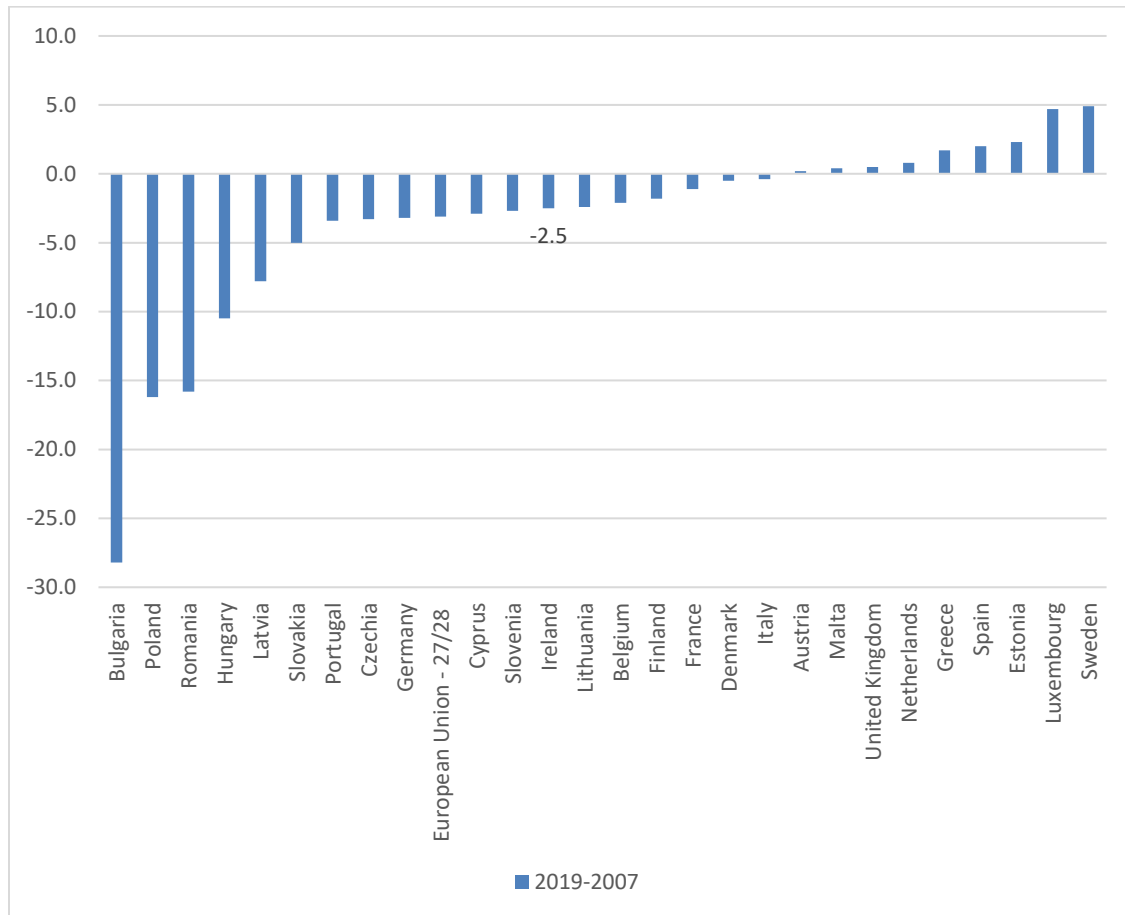
FIGURE 15 EU-28: PEOPLE AT RISK OF POVERTY OR SOCIAL EXCLUSION EU-28, 2019 (%)



Source: Eurostat, t2020_50 Note: UK rate is for 2018 as 2019 rate is not available

Figure 16 shows that in several EU countries, the rate of poverty or social exclusion is still higher than in 2007 and in the case of Ireland, the rate is only marginally below the 2007 rate notwithstanding the fact that the rate has improved since 2012 (Eurostat, t2020_50).

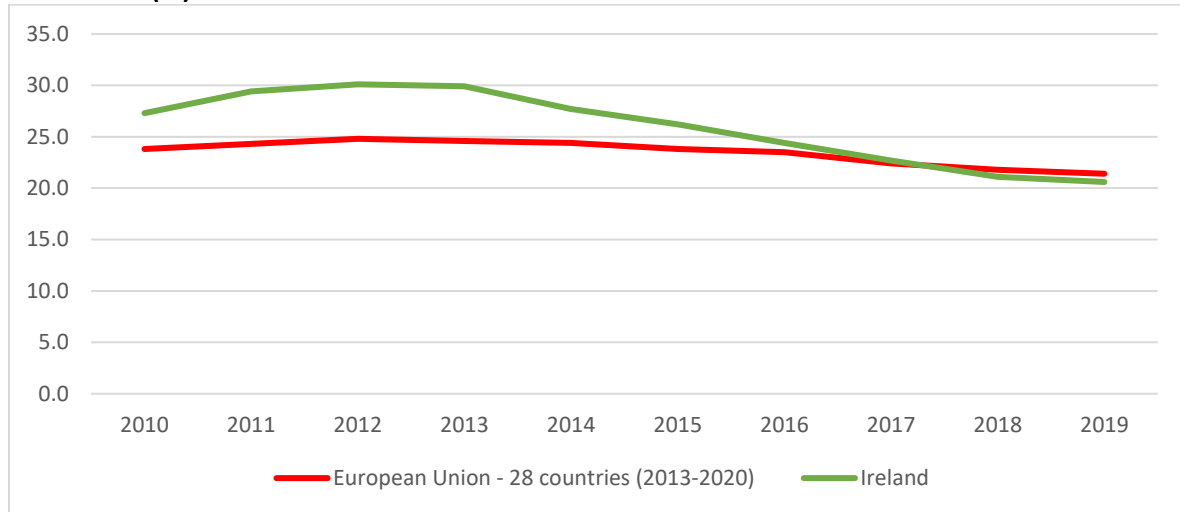
FIGURE 16: EU 27/28: CHANGE IN RISK OF POVERTY OR SOCIAL EXCLUSION RATE, 2007-2019



Source: Eurostat, **t2020_50** **Note:** 2007 rate for Croatia not available because it was before its accession; For 2007 the rate used is for EU-27 countries (2007-2013); for 2019, EU-28 countries (2013-2030). UK rate for 2018 used for comparison (as 2019 rate not available as we prepare this report)

Figure 17 shows how the risk of poverty or social exclusion rate in Ireland compares to the EU-28 average over time - increasing after 2008 relative to the EU average and remaining (in 2019) similar to the average rate despite recent improvements.

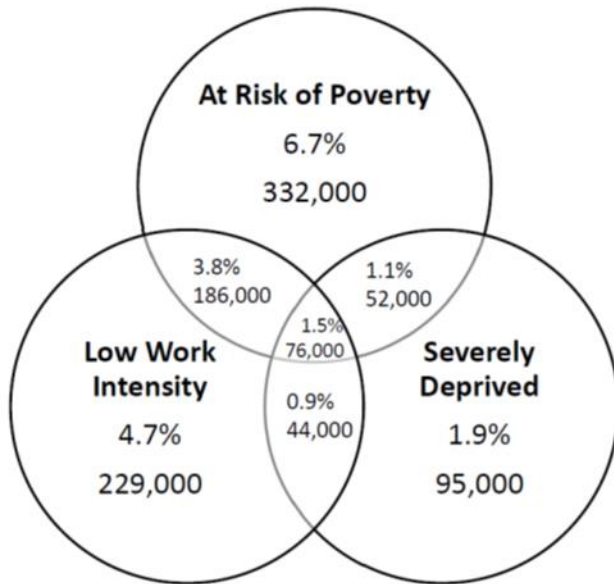
FIGURE 17 IRELAND AND EUROPE: PEOPLE AT RISK OF POVERTY OR SOCIAL EXCLUSION, 2010-2019 (%)



Source: Eurostat 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. See **Figure 18**, which presents data broken down under each of the three indicators that make up ‘poverty or social exclusion’ for Ireland in 2019.

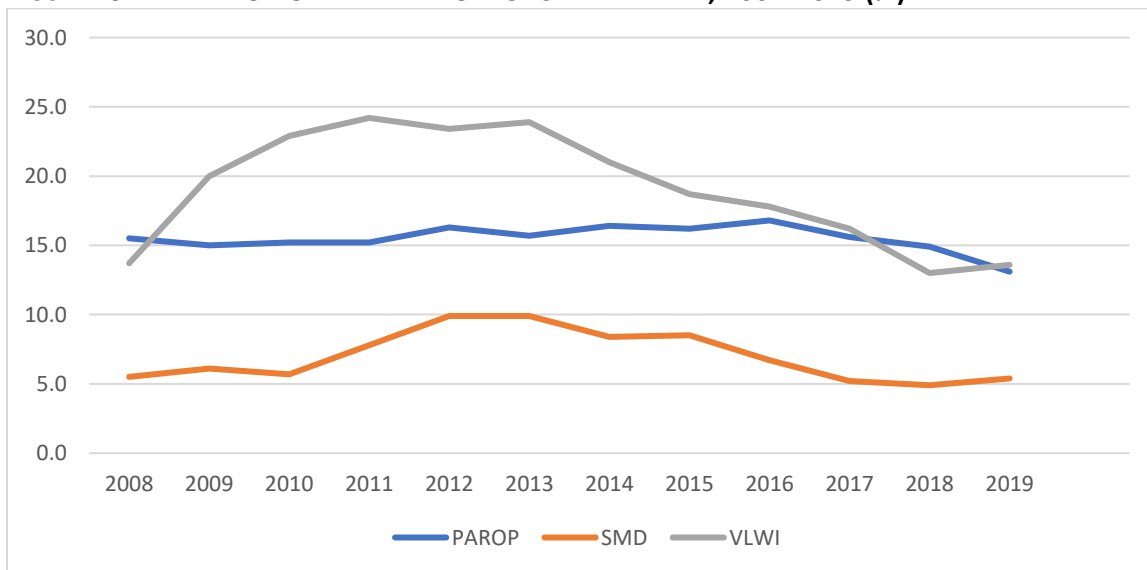
FIGURE 18 IRELAND: POPULATION AT RISK OF POVERTY OR SOCIAL EXCLUSION (2019) BROKEN DOWN BY INDICATOR



Source: Drawn from Eurostat ilc_pees01

Figure 19 shows the Irish trajectory of the three poverty indicators used in the Europe 2020 Strategy over a decade. The indicators show that the greatest increase following the onset of the crisis were people in households with very low work intensity and people experiencing severe material deprivation and these are also the indicators showing most improvement since 2012.

FIGURE 19: THREE EU POVERTY INDICATORS IN IRELAND, 2007-2019 (%)



Source: Eurostat, t2020_51, t2020_52, t2020_53

VLWI: People living in households with Very Low Work Intensity

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

SMD: People who are severely materially deprived

While there is still considerable poverty in Ireland, there was much progress on this issue over time. Driven by increases in social welfare payments, particularly payments to the unemployed, older people and people with disabilities, the rate of poverty significantly declined between 2001 and 2009. Looking at income poverty, from the early 2000s to 2009 there was a steady decrease in the rate of income poverty defined as people 'at risk of poverty' as measured by Eurostat, with rates reaching a record low in 2009. See **Table 6**. The year 2008 marked the first time that Ireland's at risk of poverty levels fell below average EU levels. It is clear that this was driven by sustained increases in welfare payments in the years prior to 2008.

TABLE 6: IRELAND AND EU (28) AVERAGE - PEOPLE AT RISK OF POVERTY, 2005-2019

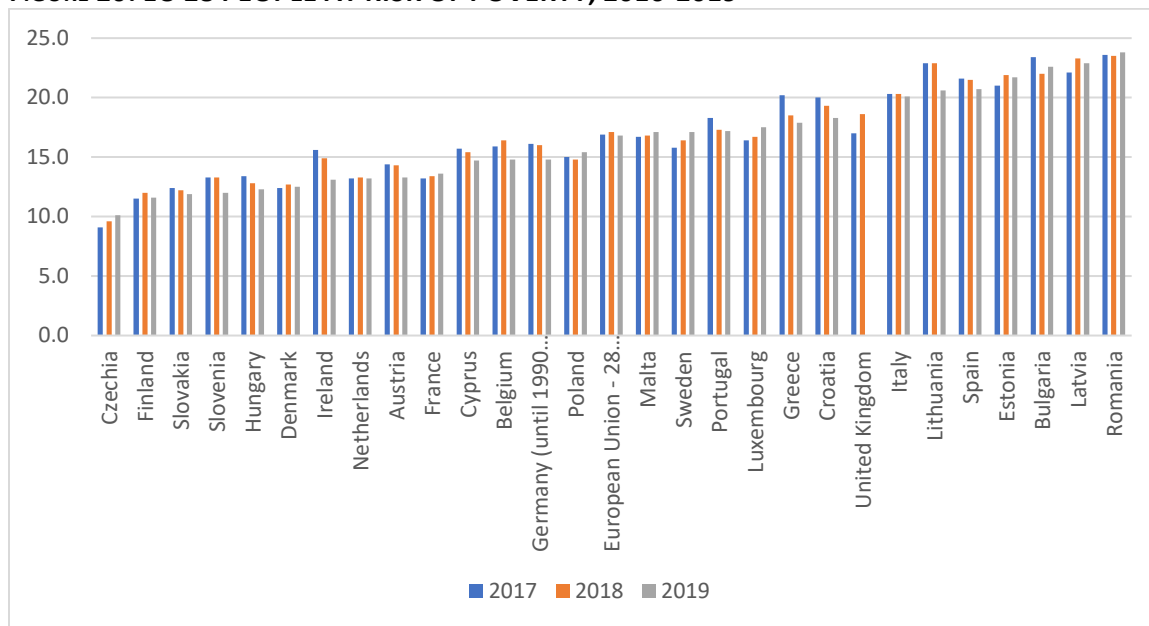
	'05	'06	'07	'08	'09	'11	'12	'13	'14	'15	'16	'17	'18	'19
EU - 28	16.5	16.5	16.6	16.6	16.4	16.9	16.8	16.7	17.2	17.3	17.3	16.9	17.1	16.8
Ireland	19.7	18.5	17.2	15.5	15	15.2	16.3	15.7	16.4	16.2	16.8	15.6	14.9	13.1

Source: Eurostat, **t2020_52**. People at risk of poverty (60% line) after social transfers: percentage of the total population. **Note:** rates are for EU-27 up to 2009.

Again using statistics that are comparable across Europe, **Figure 20** shows the proportion of the population at risk of poverty, and how Ireland compares with other European countries. At 13.1 per cent (2019), Ireland's rate is below the EU 27 average (16.5 per cent). However, there is considerable divergence between EU countries. In 2019, across the EU, the highest poverty levels were found in the most recent accession countries and in some of the countries most impacted by the economic crisis over a decade ago: Romania, Latvia, Bulgaria, Estonia, Spain, Lithuania, and Italy. The lowest levels were in Slovenia, Slovakia, Finland and the Czechia. The country with the lowest rate (Czechia) has a rate of 10.1 per cent and that with the highest rate (Romania) had a rate of 23.8 per cent. Ireland's rate is several percentage points greater than the countries with the lowest rates, being 3 percentage points higher than that of the Czechia (Eurostat t2020-52).

Ireland still has a serious problem with poverty – and we will look at this in more detail in the next sub-section of this Report. Overall, while there have been some reductions in poverty in recent years across the EU, the data suggests that poverty remains a large and ongoing EU-wide problem. In 2019 the average EU-28 level implied that over 84.5 million people live in poverty across the EU (60 per cent threshold).

FIGURE 20: EU 28 PEOPLE AT RISK OF POVERTY, 2016-2019



Source: Eurostat 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 Central Statistics Office, 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, 2015).

Risk of Poverty

Using a poverty line set at 60 per cent of median income (consistent with the approach at EU level), almost 13 out of every 100 people in Ireland were living in poverty in 2019. The table shows that over time poverty rates have fluctuated. In general, decreases have occurred in periods where national budgets have given greater attention to improving minimum welfare payments or prioritising welfare dependent households, as has been the case in recent years. Conversely, poverty has increased in periods where welfare payments were less of a policy priority and therefore gaps opened between those benefiting from tax and earnings changes and those household dependent on support from the social transfer system. See **Table 7**.

Because it is sometimes easy to overlook the scale of Ireland’s poverty problem, it is useful to translate these poverty percentages into numbers of people. The figures in **Table 7** are telling. Looking over the past 25 years, despite a reduction in the headline poverty rate (from 15.6 per cent to 12.8 per cent) there are 70,000 more people in poverty. Notably, over the period from 2004-2008, the period corresponding with consistent Budget increases in minimum social welfare payments, almost 145,000 people left poverty. This progress was reversed by the subsequent recession, and the rate and number in poverty began to fall from 2016 onwards driven by various budgetary policies that prioritised lower income households and welfare. The latest figures

suggest that the numbers in poverty today are similar to those of a decade ago.

TABLE 7 IRELAND: POPULATION BELOW THE 60% POVERTY LINE, 1994-2019

	% of persons in poverty	Numbers in poverty
1994	15.6	559,400
1998	19.8	733,214
2001	21.9	842,537
2005	18.3	756,485
2009	14.1	639,209
2013	16.2	747,581
2016	16.2	767,815
2019	12.8	629,952

Source: Healy *et al* 2021 based on CSO online database population estimates

According to the CSO, the median disposable income per adult in Ireland during 2019 was €23,979 per annum or €459.54 per week. Consequently, the income poverty lines for a single adult derived from this is €275.73 per week (60 per cent line). Updating the 60 per cent median income poverty line to 2021 levels, using published CSO data on the growth in average hourly earnings in 2020 (+3.9 per cent) and ESRI projections for 2021 (+0 per cent) produces a relative income poverty line of €286.48 for a single person. In 2021, any adult below this weekly income level will be counted as being at risk of poverty (CSO, 2020, ESRI 2020). One immediate implication of this analysis is that most weekly social assistance rates paid to single people are €83 below the poverty line.

The fact that there are almost 630,000 people in Ireland living life on a level of income that is this low remains a major concern. These levels of income are low and those below them clearly face difficulties in achieving an acceptable standard of living. The *National Anti-Poverty Strategy* (NAPS) published by Government in 1997 stated that ‘People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living that is regarded as acceptable by Irish society generally’ (and this was reiterated in subsequent strategies). As a result of inadequate income and resources people may be excluded and marginalised from participating in activities that are considered the norm for other people in society.

When we look at the population in poverty in 2019, the largest group of the population who are poor, accounting for 26 per cent of the total, were children. The second largest group are those at work (15.4 per cent) while the third largest group are those working in the home (13.4 per cent). Of all those who are poor, 26.3 per cent were in the labour force and the remainder (71.2 per cent) were outside the labour market²⁸.

Social Justice Ireland believes in the very important role that social welfare plays in addressing poverty. As part of the *SILC* results the CSO has provided an interesting insight into the role that

²⁸This does not include people who are ill and people with a disability. The *SILC* data classified people in this groups as ‘unable to work due to permanent sickness/disability’.

social welfare payments play in tackling Ireland’s poverty levels. It has calculated the levels of poverty before and after the payment of social welfare benefits. **Table 8** shows that without the social welfare system just over 4 in every 10 people in the Irish population (41.4 per cent) would have been living in poverty in 2019. Such an underlying poverty rate suggests a deeply unequal distribution of direct income; an issue we address further in the income distribution section of this Section. In 2019, the actual poverty figure of 12.8 per cent reflects the fact that social welfare payments reduced poverty by 28.6 percentage points.

Looking at the impact of these payments on poverty over time, the increases in social welfare over the period 2005-2007 yielded noticeable reductions in poverty levels. The small increases in social welfare payments in 2001 are reflected in the smaller effects achieved in that year. Conversely, the larger increases, and therefore higher levels of social welfare payments, in subsequent years delivered greater reductions. This has occurred even as poverty levels before social welfare increased.

A report by Watson and Maitre (2013) examined these effects in greater detail and noted the effectiveness of social welfare payments, with child benefit and the growth in the value of social welfare payments, playing a key role in reducing poverty levels up until 2009. The CSO have also shown that in 2009 poverty among those aged 65 and older reduced from 88 per cent to 9.6 per cent once social welfare payments were included. The same study also found that social welfare payments (including child benefit) reduced poverty among those under 18 years of age from 47.3 per cent to 18.6 per cent – a 60 per cent reduction in poverty risk (CSO, 2010:47)²⁹.

These findings, combined with the social welfare impact data in **Table 8**, underscore the importance of social transfer payments in addressing poverty; a point that needs to be borne in mind as Government forms policy and priorities in the years to come.

TABLE 8 THE ROLE OF SOCIAL WELFARE (SW) PAYMENTS IN ADDRESSING POVERTY

	2001	2004	2008	2012	2016	2019
Poverty pre-SW	35.6	39.8	43.0	50.2	44.9	41.4
Poverty post-SW	21.9	19.4	14.4	16.9	16.2	12.8
The role of SW	-13.7	-20.4	-28.6	-33.3	-28.7	-28.6

Source: CSO SILC Reports (various years) using national equivalence scale (see Healy et al, 2021)

A report commissioned by the Society of St Vincent DePaul examined *The Hidden Cost of Poverty* by estimating the public service cost of poverty in Ireland (Collins, 2020). It identified the additional public service costs that Irish society carries as a result of current and past experiences of poverty. The main estimate presented by the report found that the annual public service cost of poverty to Ireland is almost €4.5bn. Expressed in per capita terms this finding implies that poverty imposes a public service cost equivalent to a sum of €913 per person in the state each year (€2,600 per household). The report also noted that this additional public sector expenditure is equivalent to 5.1 per cent of total General Government Revenue and 5 per cent of total General Government Expenditure. Put another way, €1 in every €20 collected by the state from taxes, social insurance and charges ends up being allocated by the state to make up for the way that poverty damages people’s lives. *Social Justice Ireland* welcomes this report, it provides a heretofore absent benchmark for the recurring annual costs to the state of poverty, and highlights

²⁹ This data has not been updated in subsequent SILC publications.

for all members of society, whether they are above or below the poverty line, the costs incurred by society as a result of poverty.

Budget 2021 failed to deliver an increase to the minimum social welfare payment. *Social Justice Ireland* regrets this decision. A lesson from past experiences of economic recovery and growth is that the weakest in our society get left behind unless welfare increases keep track with increases elsewhere in the economy. Benchmarking minimum rates of social welfare payments to movements in average earnings is therefore an important policy priority.

Over the past two decades major progress has been achieved in building the case for the introduction of a Basic Income in Ireland. This includes the publication of a Green Paper on Basic Income by the Government in September 2002 and the publication of a book by Clark entitled *The Basic Income Guarantee* (2002). A major international conference on Basic Income was held in Dublin during Summer 2008 at which more than 70 papers from 30 countries were presented. More recently, *Social Justice Ireland* hosted a conference and published a book on Basic Income (*Basic Income: Radical Utopia or Practical Solution?*). New European and Irish Basic Income networks have emerged, and the concept of a Basic Income has moved to become one commonly discussed and considered in public policy contexts. *Social Justice Ireland* welcomes the commitment in the current Programme for Government - *Our Shared Future* (2020) - to the adoption of a Universal Basic Income pilot during the lifetime of the current Government and we look forward to engaging with Government on the design, implementation and evaluation of that initiative. Recent results from the European Social Survey suggest that 58 per cent of the Irish population are in favour of the introduction of a Basic Income.

The poverty gap

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

TABLE 9 THE POVERTY GAP, 2003-2019

	2003	2006	2009	2012	2015	2019
Poverty gap size	21.5	17.5	16.2	20.1	16.5	14.7

Source: CSO SILC Reports (various years), see Healy et al 2021

The *SILC* results for 2019 show that the poverty gap was 14.7 per cent, compared to 20.1 per cent in 2012 and 16.2 per cent in 2009. Over time, the gap had decreased from a figure of 21.5 per cent in 2003. See **Table 9**. The 2019 poverty gap figure implies that 50 per cent of those in poverty had an equivalised income below 85.3 per cent of the poverty line. An examination by Collins, covering the period 2008-17, highlighted that most people in poverty live on an income some distance below the poverty thresholds required to avoid poverty. He found that on average those below the poverty line had an income of around €55 per week (€2,900 per year) below that line (Collins 2020, p.15-19).

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

Poverty and Deprivation

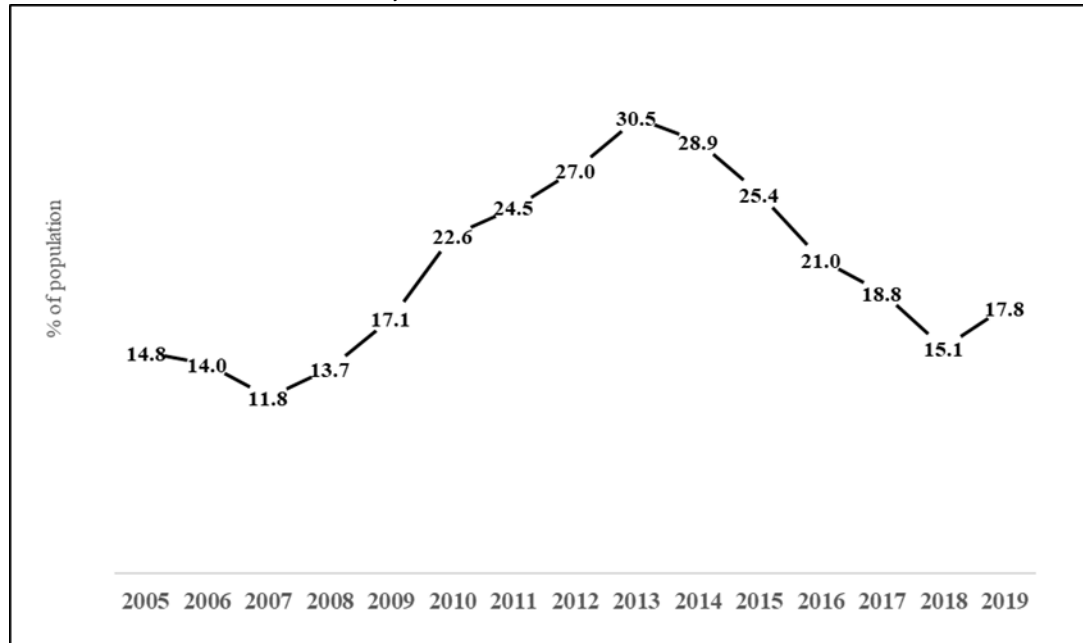
Income alone does not tell the whole story concerning living standards and command over resources. As we have seen in the NAPS definition of poverty, it is necessary to look more broadly at exclusion from society because of a lack of resources. This requires looking at other areas where 'as a result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

Since 2007 the CSO has presented 11 measures of deprivation in the *SILC* survey³⁰, compared to just eight before that. *Social Justice Ireland* and others have expressed serious reservations about the overall range of measures employed in this indicator. We believe that a whole new approach to measuring deprivation should be developed. Continuing to collect information on a limited number of static indicators is problematic in itself and does not present a true picture of the dynamic nature of Irish society. However, notwithstanding these reservations, the trends are informative and offer some insight into the changes in income over recent years on households and living standards across the state.

In 2019 the rates of deprivation recorded across the set of 11 items varied between 1.4 and 18.1 per cent of the Irish population. Overall 70.4 per cent of the population were not deprived of any item, while 11.7 per cent were deprived of one item, 5.9 per cent were without two items and almost 10 per cent were without three or more items. Among those living on an income below the poverty line, four in ten (42.7 per cent) experienced deprivation of two or more items.

It is of interest that from 2007 to 2013, as the economic crisis took hold, the proportion of the population which experienced no deprivation fell from 75.6 per cent in 2007 to 55.1 per cent in 2013. Since then this figure has improved. Simultaneously, the proportion of the population experiencing deprivation of two or more items (the deprivation rate) more than doubled – see **Figure 21**. By 2019 just over 875,000 people (17.8 per cent of the population) were experiencing deprivation at this level. The most common deprivation experiences include: being unable to afford to replace worn-out furniture, being unable to afford to have family or friends for a drink or meal once a month and being unable to afford a morning, afternoon or evening out in the last fortnight.

³⁰ 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.

FIGURE 21: DEPRIVATION RATE, 2005-2019

Source: Healy et al. 2021 from CSO SILC reports, various years

Food Poverty and Fuel Poverty

While there is no national definition or measure of food poverty, a number of reports have examined it and its impact. Deprivation of heat in the home, often also referred to as fuel poverty, is another area of deprivation that has received attention in recent times. In an online Annex accompanying Healy *et al* 2021, *Social Justice Ireland* examines the experience of people who are in food poverty and fuel poverty alongside an assessment of the research on minimum incomes standards in Ireland.

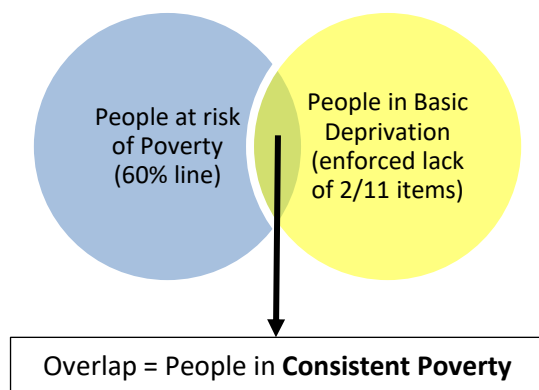
Consistent Poverty – Poverty and Deprivation Combined

As already mentioned, the Irish target under its National Reform Programme was 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 subgroup of the people experiencing poverty. See **Figure 22**. As set out at the start of this Section, the national target set in connection with the Europe 2020 Strategy was:

To reduce the number of people in consistent poverty to 4 per cent by 2016 (interim target) and to 2 per cent or less by 2020, from the 2010 baseline rate of 6.3 per cent.

The Irish contribution to the Europe 2020 poverty target is to reduce by a minimum of 200,000 the population in ‘combined poverty’ (i.e. at-risk-of-poverty or basic deprivation) (Government of Ireland, 2019).

FIGURE 22 DIAGRAM: CONSISTENT POVERTY



Combining both the poverty and deprivation measures, the *SILC* data for 2019 (the latest available) indicates that 5.5 per cent of the population experienced consistent poverty in 2019, which was similar to the rate in 2018 (5.6) but a reduction on the 2017 rate of 6.7 per cent (CSO, 2020). The lowest figure recorded for the rate was 4.2 per cent in 2008 (CSO, 2020). Overall, the 2019 figures suggest that approximately 270,000 people live in consistent poverty. See **10**. Clearly, the interim target of 4 per cent by 2016 was not achieved and a reduction of 3.5 percentage points would be needed when the 2020 rates are published to reach the 2 per cent target. See **Figure 23**.

An analysis of consistent poverty rates by principal economic status shows that the consistent poverty rate was highest among unemployed people (20.2 per cent) and lowest among those who were at work (1.3 per cent) (CSO 2020). Further analysis of consistent poverty rates by household composition shows that individuals living in households where there was one adult and one or more children aged under 18 had the highest consistent poverty rate at 17.1 per cent. The consistent poverty rate was lowest for individuals living in households where there were two more adults, with at least one aged 65 or over, and no children (1.0 per cent).

TABLE 10 IRELAND: RATES OF CONSISTENT POVERTY, 2006-2019

	2006	2007	2008	2009	2010	2011	2012	2013	2015	2016	2017	2018	2019
%	6.6	5.1	4.2	5.5	6.3	6.9	8.5	9.1	8.7	8.3	6.7	5.6	5.5
No's of people			186,000	245,000	287,000	317,000	390,000	418,000	403,000	397,778	325,000	270,000	270,000

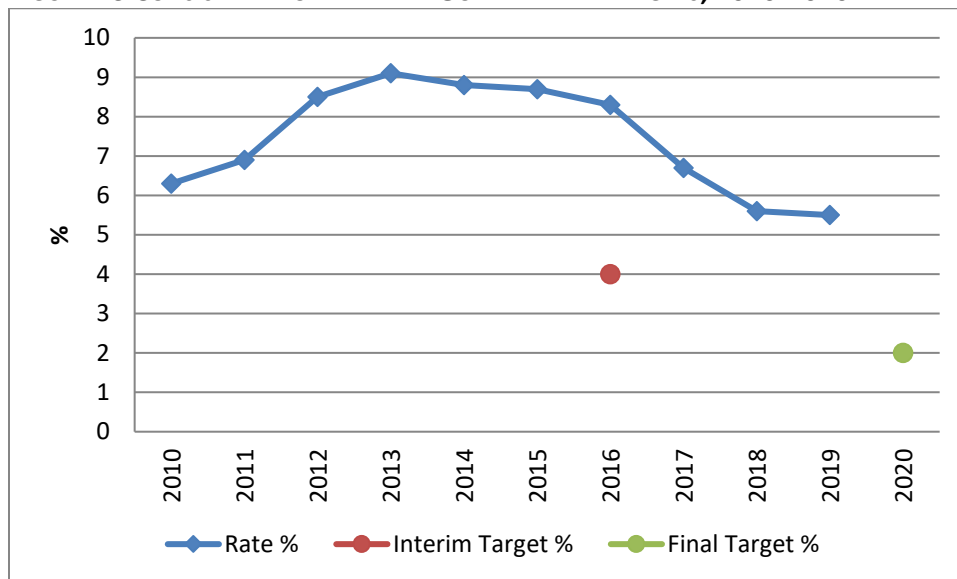
Source: Rates in %: CSO 2015 and CSO, 2017b, 2018, 2020

Numbers of People: 2008: Government of Ireland, 2012, p15; 2009: Department of Social Protection, 2011, p. 24; 2014; 2017- 2019: Healy *et al.* 2019,2020, 2021.

Rates and No's of people 2010-2015: Department of Social Protection 2017, CSO, 2017.

Even though the consistent poverty rate relates to a subset of poor people (as explained above), the number of people affected is large. The reality of the Covid-19 pandemic challenges, the likely uneven nature of the subsequent recovery, and the limited sense of urgency to adequately address these issues is pushing Ireland further away from targets set. As noted already, Irish headline targets for consistent poverty have been missed and then changed. Government directed the response away from the core of the issue, and its own commitments under both the Europe 2020 strategy and the Sustainable Development Goals of eliminating poverty in its entirety. See **Figure 23**.

FIGURE 23 CONSISTENT POVERTY AND GOVERNMENT TARGETS, 2010-2020



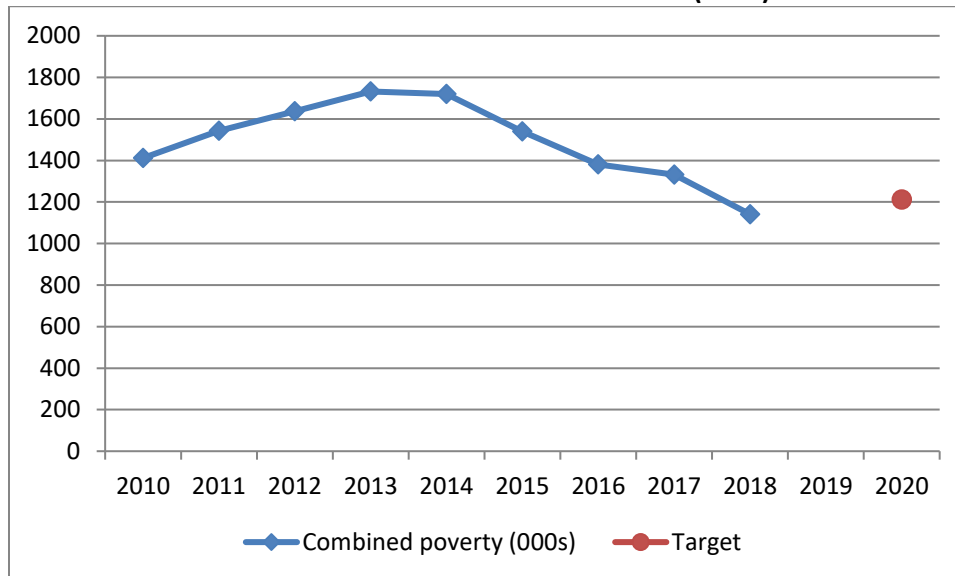
Source: Social Inclusion Monitor (Department of Social Protection 2019); CSO, SILC 2017, 2018,2019,2020

The National Reform Programme for 2019 (Government of Ireland 2019) addressed itself to the population affected by ‘combined poverty’ (as stated above, the term used in relation to the numbers that are to be lifted out of poverty and representing those in consistent poverty or at-risk-of-poverty or basic deprivation) to meet one aspect of the Irish commitment to the poverty reduction target in the Europe 2020 strategy expressed in numerical terms.

This combined poverty rate, which was 31 per cent in 2010, rose to 37.9 per cent in 2013 but subsequently fell to 23.5 per cent in 2018 (Department of Children and Youth Affairs, 2020). **Figure 24** sets out the numbers affected up until 2018. Those in combined poverty still represented an enormous 1.14 million people in 2018 (Department of Children and Youth Affairs 2020). However, nominally it exceeds the European 2020 Target (of 200,000) as it represents a decrease of 270,000 people on the 2010 baseline figure (Department of Children and Youth Affairs 2020). While we welcome the fact that this particular target has been reached, we regret that the consistent poverty target has not been achieved. This is despite various Governments establishing and revising headline poverty targets for consistent poverty on a number of occasions over the past decade.

It should also be noted that children continue to experience higher rates of combined poverty (31.8 per cent at ages 12-17) than the adult population (23.5 per cent) (2018) (Department of Children and Youth Affairs, 2020).

FIGURE 24 COMBINED POVERTY AND GOVERNMENT TARGETS (000s)



Source: Department of Children and Youth Affairs (2020), Figure 33

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). Childhood poverty can have long-term detrimental impacts on educational achievement and future life chances. In some countries austerity/fiscal consolidation measures introduced after 2008 affected benefits that are important for families (The Social Protection Committee, 2011). The latest report from the Social Protection Committee (2020) suggests that preventing and tackling child poverty and social exclusion, promoting child well-being, including through the provision of early childhood education and care, education, housing, nutrition and healthcare, must remain a key priority of the Member States.

In Ireland a report from the CSO published in December 2020 examined the Intergenerational Transmission of Disadvantages using data from a module included in the SILC 2019 survey (CSO, 2020a). Based on answers from people aged 25-59 about their life situation when they were about 14 years old, the report explored if a person's household circumstances as a teenager are associated with poverty indicators in later life. Among its findings, the report highlighted the intergenerational impacts of lower completed education levels, as respondents whose parents had lower secondary education had a 16.2 per cent risk of poverty as adults compared with 6.2 per cent for those who had parents with third level education. The CSO report also found that financial disadvantage in childhood appears to persist to adulthood. People who described the financial situation of their teenage home as bad were most likely to be at risk of poverty (18.2 per cent) or living in enforced deprivation (39 per cent) as adults in 2019.

Country Specific Recommendations issued to Ireland by the Council as part of the European Semester have several times referred to the need to address the poverty risk of children (European Commission 2016b; 2017a; see also European Commission 2020b). In 2014 a UNICEF Report that examined the impact of the financial crisis on children across OECD countries found that Ireland was one where children were most affected and had one of the largest increases in child poverty between 2008 and 2012 (UNICEF 2014). A recent report from the Department of Children and Youth Affairs (2020, p.63) acknowledges that the number of children living in poverty remains unacceptably high.

Children are one of the most vulnerable groups in Irish society – as already stated, in 2019, the largest group of the population who are poor, accounting for 26 per cent of the total, were children. Despite an increase in average incomes, increased employment and high levels of economic growth, these figures show that a significant proportion of the population is still living in very difficult circumstances.

When we look at children aged 17 or under (the age group to which the Irish sub-target relates), almost 185,000 were at risk of poverty (15.3 per cent) in 2019. The rate for consistent poverty was 8.1 per cent (approximately 98,000 children aged 17 or under). The deprivation rate for children is still particularly high at 23.3 per cent in 2017 (over 280,000 children aged 17 or under). See **Table 11**.

TABLE 11 CHILDREN - RATES FOR CHILDHOOD RISK OF POVERTY, CONSISTENT POVERTY AND DEPRIVATION (2006-2019) (AGE 0-17)

Risk of Poverty Rate among Children														
Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Rate (%)	22.3	19.9	18.0	18.6	18.4	18.8	19.1	19.2	19.7	18.4	19.1	18.4	15.9	15.3 Approx. 184,648
Consistent Poverty Rate amongst Children														
Rate (%)	10.5	7.4	6.2	8.7	8.8	9.3	10.4	12.7	12	10.9	10.9	8.8	7.7	8.1 Approx. 97,755
Deprivation Rate*														
Rate (%)									36.3	31.1	25	23	19.7	23.3 Approx. 281,19.6
	19.4	15.9	17.9	23.2	30.4	32.1	32.4	37.5						

* An individual is defined as being deprived if they experience two or more forms of enforced deprivation.

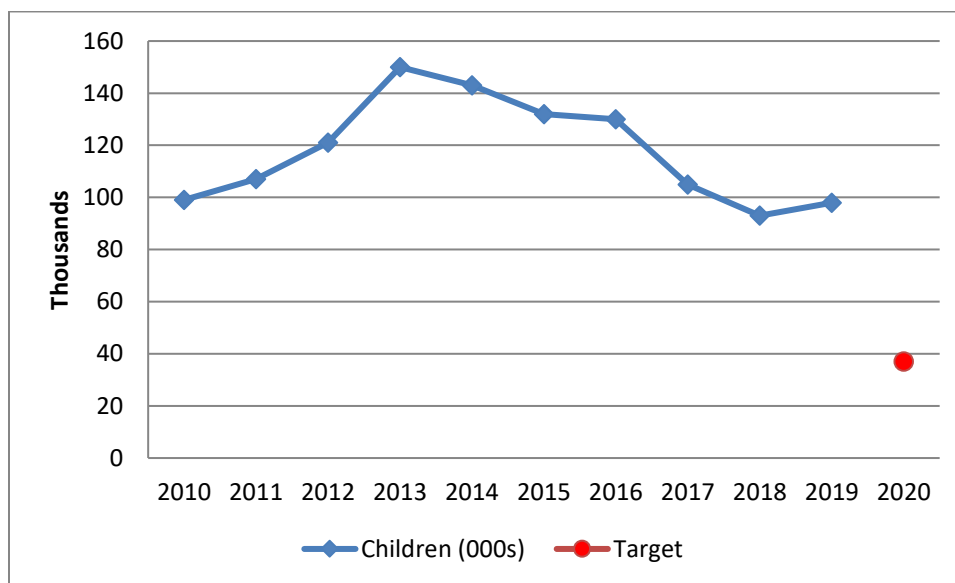
Source: Rates CSO (2020). **Numbers (2019) are approximate and are calculated** from CSO population projections (PEA 22: M1F1, total population aged 0-17: 1,206,854. <https://data.cso.ie/#>)

As already stated, the child poverty sub-target (set in the *National Policy Framework for Children and Young People 2014-2020*) 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 2011 figure for children in consistent poverty was 107,000 (9.3 per cent) (Department of Social Protection 2017), meaning that even reaching the target to reduce this figure by 70,000 would leave some 37,000 children in consistent poverty by 2020. As indicated by **Table 11**, the consistent poverty rate for children was 8.1 per cent in 2019, representing approximately 98,000 children. Thus, even though the rate has improved in recent years, there is very limited progress toward reaching the target set. Thus, as can be seen from **Figure 25**, Ireland has a long way to go to meet its sub-target for reducing child poverty.

FIGURE 25 CHILDHOOD CONSISTENT POVERTY AND GOVERNMENT TARGETS 2010-2017



Source: 2010-2017 Social Inclusion Monitor (Department of Social Protection 2019).

Figures for 2018 and 2019 are approximate and are calculated using CSO rates for consistent poverty and population projections (M1F1 assumptions).

As the latest Government National Reform programme notes, meeting this target means Ireland will have to be more than twice as effective as the best ever performance to date, which was in 2008 when there were 68,000 children in consistent poverty (Government of Ireland 2020). However, as mentioned, the target set envisages that as many as 37,000 children could be left living in consistent poverty – something that the Children’s Ombudsman has highlighted as unacceptably high and that represents an acceptance of a higher rate of consistent poverty among children than the general population (Ombudsman for Children’s Office 2015).

The target also refers to reducing the higher consistent poverty risk for children as compared to adults (aged 18 years and over) and for households with children as compared to non-child households. In 2019, the childhood consistent poverty rate was 8.1 per cent (CSO 2020). This rate compared to 5.1 per cent for adults (aged 18-64).

Over a third (34 per cent) of all people that experience consistent poverty are children (Department of Children and Youth Affairs 2020). Households with one or more children aged 12-17 are three times as likely to experience consistent poverty than households without children aged 12-17 (Department of Children and Youth Affairs 2020). In addition, those households are more likely to experience income poverty and are twice as likely to experience material deprivation (Department of Children and Youth Affairs 2020). Children living in lone parent

families, those living in low education households and those in households where a parent is limited by an illness are more at risk of being in consistent poverty (Department of Children and Youth Affairs 2020). Regional factors are also relevant, as children living disadvantaged local contexts have above average rates of income poverty, while households in rural areas have higher rates of poverty across all the measures of poverty (Department of Children and Youth Affairs 2020). In the opinion of *Social Justice Ireland*, overall, 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, in deprivation 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.

As in previous reports in this series, *Social Justice Ireland* acknowledges that Government took 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 recognition that access to quality services are especially important during childhood and envisages a whole of government approach which is potentially significant. *Social Justice Ireland* (2020c) welcomed measures taken in Budget 2021 to reduce child poverty, namely changes to the Qualified Child Increase payments and recognising the additional costs associated with having an older child. It is important to see progress on the targets set in government's *Roadmap for Social Inclusion, 2020-2025* (discussed above).

Working Poor

We have already referred to the issue of the working poor in the context of employment in **Section 2** of this report. Having a job is not, of itself, a guarantee that one lives in a poverty-free household. There are many adults living in poverty despite having a job – the working poor. Improvements in the low pay rates received by many employees offers an important method by which levels of poverty and exclusion can be reduced.

When we look only at adults, just over one fifth of Ireland's adults with an income below the poverty line were employed. Overall, 35.6 per cent of adults at risk of poverty in Ireland were associated with the labour market. The incidence of being at risk of poverty amongst those in employment is particularly alarming. Many people in this group do not benefit from Budget changes in welfare or income tax. They would be the main beneficiaries of any move to make the two main income tax credits refundable. The 2010 study from *Social Justice Ireland*, 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 at the end of this Section.

As mentioned already, the largest group of the population who are poor, accounting for 26 per cent of the total, were children. However, the second largest group are those at work (15.4 per cent) (Healy et al, 2021). CSO published rates it is possible to calculate that approximately 97,000 people at work but still in poverty in 2019 (Healy et al 2021). These are remarkable statistics and it is important that policy makers begin to recognise and address this problem. The OECD suggested that Ireland has one of the worst incidence of low pay amongst OECD member countries (OECD 2014).

During the past few years *Social Justice Ireland* and a number of other organisations came together to form a technical group which researched and developed a Living Wage for Ireland. In July 2014 the group launched a website (www.livingwage.ie) and a technical paper outlining how the concept is calculated. The latest update to the figure was published in September 2020 and reported a Living Wage rate of €12.30 per hour.

The establishment of a Living Wage Rate for Ireland adds to a growing international set of similar figures which reflect a belief across societies that individuals working full-time should be able to earn enough income to enjoy a decent standard of living. The Living Wage is a wage which makes possible a minimum acceptable standard of living. Its calculation is evidence based and built on budget standards research which is grounded in social consensus. In principle, a living wage is intended to establish an hourly wage rate that should provide employees with sufficient income to achieve an agreed acceptable minimum standard of living. In that sense it is an income floor, representing a figure which allows employees to afford the essentials of life. Earnings below the living wage suggest employees are forced to do without certain essentials so they can make ends meet. The establishment of a Living Wage Rate for Ireland adds to a growing international set of similar figures which reflect a belief across societies that individuals working full-time should be able to earn enough income to enjoy a decent standard of living.

Income Distribution in Ireland

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

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

The point is that national accounts fail to include items that cannot easily be assigned a monetary value. But progress cannot be measured by economic growth alone. Many other factors are required, as we highlight elsewhere³¹. However, when judging economic performance and making judgements about how well Ireland is really doing, it is important to look at the distribution of national income as well as its absolute amount³².

The most recent data on Ireland's income distribution, from the 2019 SILC survey (published in November 2020), is summarised in **Figure 26**. It examines the income distribution by household

³¹ See Healy et al 2021, including Chapter 11. There, we also propose some alternatives.

³² See Healy et al 2021, where we examine the issue of the world's income and wealth distribution in Chapter 13.

deciles starting with the 10 per cent of households with the lowest income (the bottom decile) up to the 10 per cent of households with the highest income (the top decile).

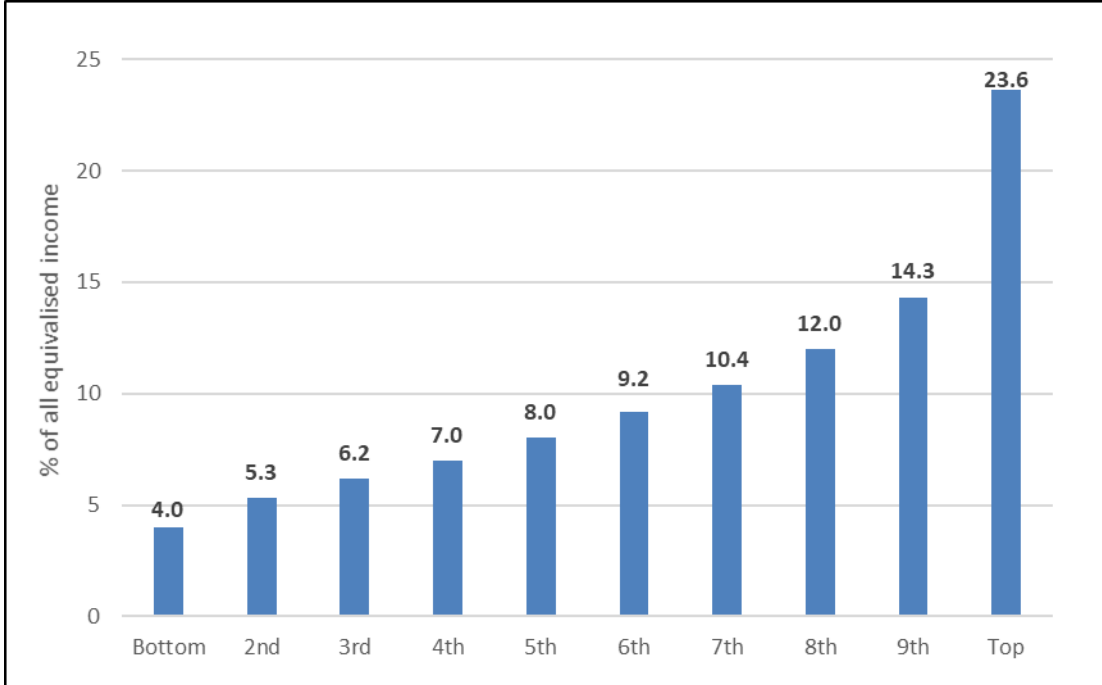
The data presented is equivalised, meaning that it has been adjusted to reflect the number of adults and children in a household and to make it possible to compare across different household sizes and compositions. It measures disposable income which captures the amount of money available to spend after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

In 2019, the top 10 per cent of the population received almost one quarter of the total income while the bottom decile received just 4 per cent. See **Figure 26**. Collectively, the poorest 60 per cent of households received a very similar share (39.6 per cent) to the top 20 per cent (38 per cent). Overall the share of the top 10 per cent is almost 6 times the share of the bottom 10 per cent.

A study by Collins (2017) provided a detailed insight into the nature of the underlying market or direct income distribution; that linked to earnings of all types. The research showed that the distribution of market income is concentrated on incomes of less than €50,000 per annum – representing 80 per cent of all earners. Some 15 per cent of all those with a market income, about 290,000 people, receive less than €5,000 (the average direct income for this group is €2,000 and most receive less than €1,000).

A further 50 per cent of those with a market income receive between €5,000 and €35,000. The top 10 per cent of earners have an income of more than €65,000 while the top 5 per cent have an income of more than €85,000; this group approximates to the top 100,000 earners in the state. A conclusion of the study is that “the shape of that [earnings] distribution, and the prevalence of low income earners within it, points towards a need for greater consideration to be given to the underlying nature and distribution of market earnings” (Collins, 2017).

FIGURE 26: IRELAND'S INCOME DISTRIBUTION BY 10% (DECILE) GROUP, 2019

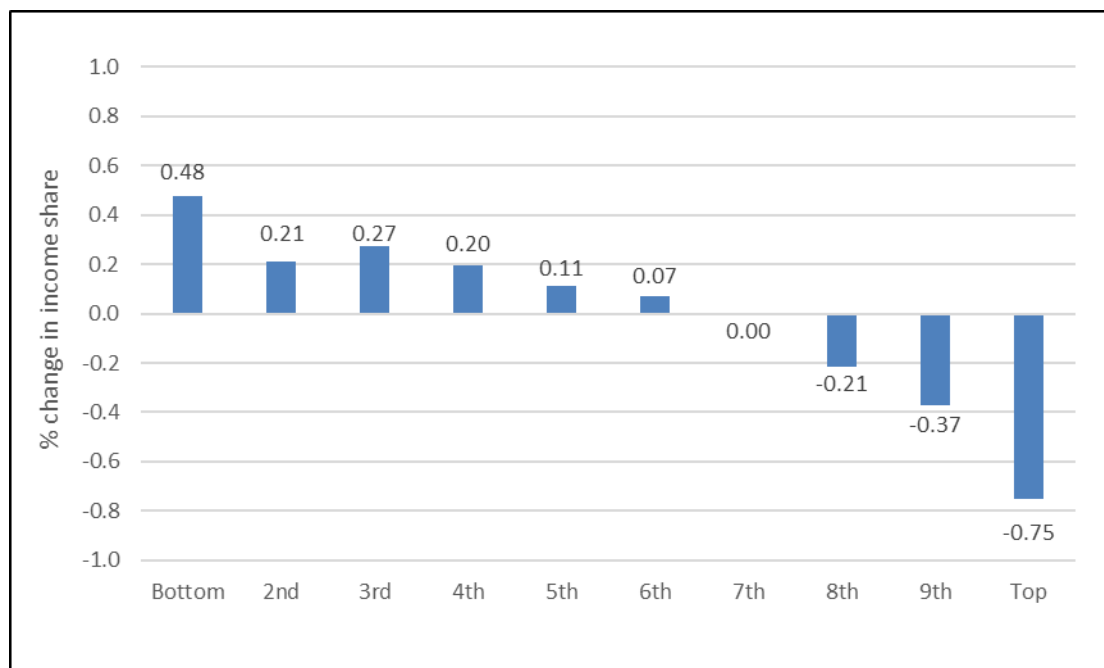


Source: Healy et al 2021 based on CSO SILC 2020

Income distribution data for the last few decades suggested that the overall structure of that distribution has been largely unchanged. One overall inequality measure, the Gini coefficient (which will be examined again, below), ranges from 0 (no inequality) to 100 (maximum inequality) and has stood at approximately 30-32 for Ireland for some time. In 2019 it stood at 28.3. **Figure 27** compares the change in the income distribution between 2008 and 2019. 2008 represented the year when average incomes in Ireland peaked before the economic crash. Between 2008 and 2011, incomes fell for all, but the impact of the recession and subsequent recovery (2012-19) has been felt in different ways by different people/households.

Over that period, the changes to the income shares received by deciles have been small; between + and - 0.8 per cent. The impact of recent budgetary policy, which has seen welfare and low pay increases, has driven the marginal gains in the share of income flowing to those on the lowest incomes. However, these minor changes are in the context of the underlying income distribution divides outlined earlier. If we as a society wish to address and close these income divides, future Government policy must prioritise those at the bottom of the income distribution. Otherwise, these divides will persist for further generations and perhaps widen.

Figure 27 Change in Decile Shares of Equivalised Disposable Income, 2008-2019



Source: Healy et al 2021 calculated from CSO SILC reports, various years.

A further measure of income inequality is the aforementioned Gini coefficient, which ranges from 0 to 100 and summarises the degree of inequality across the entire income distribution (rather than just at the top and bottom).³³ The higher the Gini coefficient score the greater the degree of income inequality in a society. As **Table 12** shows, over time income inequality has been reasonably static in the EU as a whole, although within the EU there are notable differences. Countries such as Ireland cluster around the average EU score and differ from other high-income EU member states which record lower levels of inequality. As the table shows, the degree of inequality is at a notably lower scale in countries like Finland and the Netherlands. For Ireland, the key point is that despite the aforementioned role of the social transfer system, the underlying degree of direct income inequality (see earlier) dictates that our income distribution remains much more unequal than in many of the EU countries we wish to emulate in terms of economic and social development.

TABLE 12 GINI COEFFICIENT MEASURE OF INCOME INEQUALITY FOR SELECTED EU STATES, 2005-2019

	2005	2008	2012	2016	2019
EU-27/28	30.6	31.0	30.5	30.8	30.7
Ireland	31.9	29.9	30.4	29.6	28.3
UK	34.6	33.9	31.3	31.5	n/a
France	27.7	29.8	30.5	29.3	29.2
Germany	26.1	30.2	28.3	29.5	29.7
Sweden	23.4	25.1	26.0	27.6	27.6
Finland	26.0	26.3	25.9	25.4	26.2
Netherlands	26.9	27.6	25.4	26.9	26.8

³³ See Collins and Kavanagh (2006: 159-160) who provide a more detailed explanation of this measure.

Source: Eurostat online database (ilc_di12).

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

Budget 2021, delivered in October 2020, marked the first Budget of the current Government and was delivered in the context of COVID-19 and Brexit uncertainty. It was a Budget that *Social Justice Ireland* described as failing by ‘leaving the poorest behind’. The Budget did not deliver any welfare or income taxation measures of significance, meaning that almost all household did not benefit from any additional resources as a result of its actions. This includes no increase in the weekly rate of jobseekers benefit. The lack of any welfare increases in Budget 2021 was regrettable. Over 2021, as wages rise for some, the growing numbers dependent on welfare will slip further behind. Inevitably, the recent progress on poverty and inequality will be somewhat reversed.

While data on income and poverty levels has improved dramatically over the past two decades, a persistent gap has been our knowledge of levels of wealth in Irish society. Data on wealth is important, as it provides a further insight into the distribution of resources and an insight into some of the underlying structural components of inequality. A welcome development was the publication by the CSO in early 2015 of the first Household Finance and Consumption Survey (HFCS). The HFCS is part of a European initiative to improve countries knowledge of the socio-economic and financial situations of households across the EU. For the first time, its results offer robust information on the types and levels of wealth that households in Ireland possess. The data was collected for 2013 across 5,545 households and was followed by a second survey completed with 4,793 households in 2018. The composition and distribution of wealth points towards policy issues to be considered, concerning inheritance taxes (capital acquisitions tax), gift taxes and capital gains taxes – and more consideration by *Social Justice Ireland* of wealth in Ireland can be found in Healy et al 2021. The arrival of this new data also allows, for the first time, an opportunity for informed consideration of policy options around wealth, as well as income inequality. As further analysis of this data, and new editions emerge, *Social Justice Ireland* looks forward to contributing to that debate.

Poverty in Ireland: *Social Justice Ireland* Response

Social Justice Ireland 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 a very long way away from its Europe 2020 consistent poverty targets, and indeed from its newer sub-target relative to childhood poverty; and while trends have improved, there remains a lot of ground to be made up to reverse the damage following the 2008 crisis. The reality is that the recession and its associated austerity measures pushed Ireland away from reaching its targets despite some improvements in recent years, improvements that risk being lost in the future unless action is taken.

Some headline statistics (from 2019, the latest available) already highlighted above include:

- The rate of poverty or social exclusion in Ireland is 20.6 per cent (affecting more than 1 million people) and represents a very sizeable proportion of the Irish population (in 2019) (this refers to the EU-2020 Strategy combined indicator).
- Almost 13 out of every 100 people in Ireland (approximately 630,000 people) were living in poverty in 2019 (60% poverty line).
- When we look at the population in poverty, the largest group of the population who are poor, accounting for 26 per cent of the total, were children (in 2019).
- Over a third (34 per cent) of all people that experience consistent poverty (a subset of those who are poor) are children.
- There were approximately 97,000 people at work but still in poverty in 2019.
- Without the social welfare system just over 4 in every 10 people in the Irish population (41.4 per cent) would have been living in poverty in 2019.
- In 2019, the top 10 per cent of the population received almost one quarter of the total income while the bottom decile received just 4 per cent

Ireland and the Europe 2020 Strategy Targets:

Looking at Government targets set in the context of the Europe 2020 Strategy, the Section showed that:

- Ireland did not reach its interim target of 4 per cent consistent poverty by 2016 and a reduction of 3.5 percentage points would be needed to reach the 2 per cent target by 2020 (only 2019 rates are currently available)³⁴.
- Another target (for combined poverty in nominal terms) was met by 2018.
- Relative to children there is limited progress toward reaching the target set to reduce the numbers in consistent poverty by 2020.

However, Ireland has set targets based on indicators that represent a sub-set of people who are poor (that is, consistent poverty) and on several occasions Government reduced the ambition of its own targets. On several occasions, *Social Justice Ireland* 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. We have indicated before that it is imperative that the Government address the issue of establishing new subsidiary targets for vulnerable groups.

The reference to an announcement of a sub-target relative to jobless households in the National Reform Programme for 2014 was welcome, but it has not been introduced, which is regrettable. 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 need for participation and activation measures 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.

³⁴ Even though, as noted earlier, in 2012, the target in respect of poverty contained in Ireland's National Reform Programme Update was revised. Originally the target had been 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.

When it comes to poverty indicators, a measure of persistent poverty is long overdue and a crucial missing piece in 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 per cent 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. We regret the unavailability of this data and note that there remain some sampling and technical issues impeding its annual publication. However, we note ongoing moves by the CSO to address this issue. *Social Justice Ireland* believes that this data should be used as the primary basis for setting poverty targets and monitoring changes in poverty status. Existing measures of relative and consistent poverty should be maintained as secondary indicators. If there are impediments to the annual production of this indicator, they should be addressed and the SILC sample augmented if required.

In its analysis of Budget 2021, *Social Justice Ireland* regretted that core social welfare rates have not increased for two consecutive years. A lesson from past experiences of economic recovery and growth is that the weakest in our society get left behind unless welfare increases keep track with increases elsewhere in the economy. Benchmarking minimum rates of social welfare payments to movements in average earnings is therefore an important policy priority.

The issue of individualising payments so that all recipients receive their own social welfare payments has been on the policy agenda in Ireland and across the EU for several years. *Social Justice Ireland* welcomed the report of the Working Group, *Examining the Treatment of Married, Cohabiting and One-Parent Families under the Tax and Social Welfare Codes*, which addressed some of these individualisation issues. At present the welfare system provides a basic payment for a claimant, whether that be, for example, for a pension, a disability payment or a job-seeker’s payment. It then adds an additional payment of about two-thirds of the basic payment for the second person. *Social Justice Ireland* believes that this system is unfair and inequitable. We also believe that the system as currently structured is not compatible with the Equal Status Acts. People, more often than not, women, are disadvantaged by living as part of a household unit because they receive a lower income. We believe that where a couple is in receipt of welfare payments, the payment to the second person should be increased to equal that of the first. Such a change would remove the current inequity and bring the current social welfare system in line with the terms of the Equal Status Acts (2000-2004). An effective way of doing this would be to introduce a basic income system which is far more appropriate for the world of the 21st century.

Social Justice Ireland has consistently argued that the present tax and social welfare systems should be integrated and reformed to make them more appropriate to the changing world of the 21st century. To this end we have sought the introduction of a basic income system. For more on this see Healy *et al* 2021 and also a costed proposal for a basic income Healy *et al* 2012. Ireland and the Europe 2020 Strategy Targets – looking to the future: *Social Justice Ireland* believes that the following policy positions should be adopted in responding to the poverty, inequality and income distribution challenges highlighted throughout this chapter.

- If poverty rates are to fall in the years ahead, *Social Justice Ireland* believes that the following are required:
 - increase in social welfare payments.
 - equity of social welfare rates.
 - adequate payments for children.

- refundable tax credits.
- decent rates of pay for low paid workers.
- a universal state pension.
- a cost of disability payment.

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

- Acknowledge that Ireland has an on-going poverty problem.
- Adopt targets aimed at reducing poverty among particular vulnerable groups such as children, lone parents, jobless households, and those in social rented housing.
- Examine and support viable alternative policy options aimed at giving priority to protecting vulnerable sectors of society.
- Carry out in-depth social impact assessments prior to implementing proposed policy initiatives that impact on the income and public services that many low income households depend on. This should include the poverty-proofing of all public policy initiatives.
- Recognise the problem of the ‘working poor’. Make tax credits refundable to help address the situation of households in poverty which are headed by a person with a job.
- Support the widespread adoption of the Living Wage so that low paid workers receive an adequate income and can afford a minimum, but decent, standard of living.
- Introduce a cost of disability allowance to address the poverty and social exclusion of people with a disability.
- Recognise the reality of poverty among migrants and adopt policies to assist this group. In addressing this issue also replace direct provision with a fairer system that ensures adequate allowances are paid to asylum seekers.
- Accept that persistent poverty should be used as the primary indicator of poverty measurement and assist the CSO in allocating sufficient resources to collect this data.
- Move towards introducing a Basic Income system. No other approach has the capacity to ensure all members of society have sufficient income to live life with dignity.

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. 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 – Proposal for Refundable Tax Credits

Background

In Ireland large numbers of people who are employed are living at risk of poverty. 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 to extend to national parliaments, to local/regional authorities to social partners and civil society as well as encompassing the European Council, the Commission, the European Parliament and EU Committees. 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).

An October 2015 communication from the Commission suggests that Member States needed to pay greater attention to the contribution of national social partners, in particular to strengthen ownership of measures undertaken, and it encourages stronger involvement of social partners in the elaboration of National Reform Programmes. The need to improve the delivery of the strategy through enhanced ownership and involvement on the ground was a finding from the consultation that took place during 2014 on the future of the Europe 2020 Strategy (European Commission 2015). In 2016 a broad public consultation was launched by the Commission on the European Pillar of Social Rights. This arose from a recognition that:

‘For Europe to be successful in the future and – equally important – to remain credible for European citizens, we need to further strengthen the social dimension of the European Union, and particularly for the euro area’ (from speech by Commissioner Thyssen, 8 March 2016).

The European Union engaged in a process of envisaging the future of Europe arising from the fact that trust has been eroded in the union – with only a third of citizens expressing trust in the EU, when about half of Europeans did so a decade ago (see European Commission 2017b).

Partnership in Practice

A pattern of less than adequate participation in the National Reform Programme process seems to have emerged in countries across Europe, with European civil society 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 Ireland, an annual Social Inclusion Forum is organised to allow for wider public consultation and discussion on social inclusion issues.

In 2014, the Local Government Act was amended to introduce Public Participation Networks (PPNs). The PPN recognises the contribution of volunteer-led organisations to local economic, social and environmental capital. It facilitates input by these organisations into local government through a structure that ensures public participation and representation on decision-making committees within local government. Since early 2014, the PPNs have evolved, and are now firmly established and recognised as the main conduit by which Local Authorities engage with their communities, with a membership of more than 15,000 organisations from the Community and Voluntary, Social Inclusion and Environmental sectors (Bennett, 2021, drawing on figures from Department of Rural and Community Development). A recent survey (Bennett, 2021) was conducted, based on the scale of participation set out in the Council of Europe’s Code of Good Practice for Civil Participation in the Decision-Making Process and the Council of Europe

Guidelines for Civil Participation in Political Decision-making aiming to capture the ‘on the ground’ experience of PPN Workers, representatives and Local Authority staff who engage with Committees and Boards at Local Authority level, and other important stakeholders. PPNs are engaging across a range of committees and Boards at local level to influence policies that affect their Member Groups and their communities. While most respondents felt that the principles of participation were being adhered to, it is interesting to note that an exception was made for the principles statement relating to openness in the decision-making process.

Overall, the responses to the survey indicates agreement or strong agreement that the principles outlined by the Council of Europe are being implemented when it comes to participation at local government level in Ireland. Similarly, a high proportion of respondents felt that the PPNs had moved beyond the ‘Information’ and ‘Consultation’ levels of participation, to the Dialogue level for each stage of the decision-making process. There is, however, some work to be done before ‘Partnership’ can be achieved at all stages of the decision-making process, as this level was indicated by the lowest proportion of respondents for each stage (Bennett, 2021).

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. But findings from an in-depth study carried out by the CSO into Irish voter participation suggested that many people, especially young people and those who have lower educational attainment levels, have little confidence in the political process (CSO 2011). They have become disillusioned because the political process fails to involve them in any real way, while also failing to address many of their core concerns. Many of the developments of recent years will simply have added to the disillusionment of many people where people are living with the consequences of the bailout programme and repaying the debts of European banks through a programme of austerity and upward redistribution of resources. Many feel disenfranchised by a process that produced this outcome without any meaningful consultation with citizens. Furthermore, the internationalisation of the population presents Ireland with the key challenge of developing a truly integrated society that values cultural and ethnic diversity. Integration is defined in current Irish policy as the ‘ability to participate to the extent that a person needs and wishes in all of the major components of society without having to relinquish his or her own cultural identity’ (Department of Justice and Equality, 2017).

A new approach is clearly needed to address these issues. In order to learn the lessons of the past, the recovery must reach all sections of society and we must ensure that all voices are heard. The failure to discuss openly a range of civil society issues that are of major concern to large numbers of people is contributing to disillusionment with the political process. When discussion or debate does take place, many people feel that they are not allowed to participate in any real way. The need for a new forum and structure for discussion of issues on which people disagree is becoming more obvious as political and mass communication systems develop. A civil society forum and the formulation of a new social contract against exclusion has the potential to re-engage people with the democratic process.

Government held the first National Economic Dialogue in 2015 and reprised this format in subsequent years. *Social Justice Ireland* welcomes this deliberative approach to policymaking, and believes that Government should convene such a forum on a regular basis. It should, however, not confine its deliberations to the economy. A wide range of areas need to be addressed

simultaneously if the economy is to thrive. Such social dialogue, in various forms, is common across Europe's most successful economies and can play a key role in building a vibrant and sustainable society here in Ireland.

The democratic process would also benefit from the development of a new social contract against exclusion and in favour of a just society. This contract would include a forum for dialogue on civil society issues. Short-term initiatives such as the President's Ethics Initiative, the Constitutional Convention and Citizens' Assembly are welcome but need to be mainstreamed and reach all sections of Irish Society. *Social Justice Ireland* welcomed the appointment of a new National Economic and Social Council (NESC), whose role is to advise the Taoiseach on strategic policy issues relating to sustainable economic, social and environmental development. The annual National Economic Dialogue is also a useful model for sharing the perspectives of civil society, Government and the various sectors of society on key budgetary issues. However, a single event is inadequate. *Social Justice Ireland* recommends that such a National Dialogue takes place more frequently, and that the focus is broadened from the economic to include social and environmental issues.

Social Justice Ireland proposes that Government authorise and resource an initiative to identify how a civil society forum could be developed and maintained and to examine how it might connect to the growing debate at European level around civil society issues. There are many issues such a forum could address including the meaning of citizenship in the 21st Century, the shape of the social model Ireland wishes to develop; how to move towards a low carbon sustainable future, and so on. The Community & Voluntary Pillar provides a mechanism for social dialogue that should be engaged with by Government across the range of policy issues in which the Pillar's members are deeply involved. All aspects of governance should be characterised by transparency and accountability. Social dialogue contributes to this. We believe governance along these lines can and should be developed in Ireland.

Much work has been done in recent years by the Council of Europe on participation issues, from which 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'. 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*).

As in previous iterations of this report, *Social Justice Ireland* recommends that, in the framing, development and implementation of the National Reform Programme, Government move towards a deliberative approach – and we regret that this approach has not been more intrinsic to the process as the Europe 2020 strategy reaches its end-point.

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 and fosters the taking of responsibility for decisions and the implementation of actions required.

Social Justice Ireland Recommendations

- Resource an initiative to identify how a real participative civil society debate could be developed and maintained and 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.
- Adequately resource the Public Participation Network (PPN) structures for participation at Local Authority level and ensure capacity building is an integral part of the process and implement the National Framework for Local and Community Development in a way that supports Community and Voluntary organisations
- Promote deliberative democracy and a process of inclusive social dialogue to 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 of that advances the lives of people and communities through providing independent social analysis and effective policy development to create a sustainable future for every member of society and for societies as a whole.



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