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Introduction

The National Economic Dialogue 2016 was held on 27/28 June 2016. This was the second such event and the programme and structure followed the model used in 2015. One change from the 2015 approach related to the involvement of members of the Oireachtas in the discussions. In 2015, Oireachtas members were invited through their political parties or as independents. In 2016, all members of the Select Committee on the Arrangements for Budgetary Scrutiny were invited.

As was the case in 2015, the NED 2016 began with an address by An Taoiseach Enda Kenny T.D. and a presentation on the macroeconomic outlook was provided by the ESRI, represented by Professor Kieran McQuinn. The result of the UK referendum on EU membership had become known just a few days before the NED and this was reflected in the remarks of An Taoiseach and in the presentation by Professor McQuinn. I will return to the influence of the Brexit vote on deliberations below.

My task in this report is to provide a broad overview of the themes that emerged during the day and a half of discussion. Given the range of issues covered and the range of views expressed, this report is a reflection of my broad impression of what emerged rather than a point-by-point summary. It is, of course, possible that the impression that I came away with will differ from that of others but I have made every effort to reflect broad themes faithfully.

The challenges that were identified

I will mention three categories of challenges that were discussed during the NED and, as will be seen, each category encompasses a range of issues that were of concern to delegates. The three categories can be labelled as follows: (1) Brexit, the consequences; (2) Brexit, the causes and relevance to Ireland; (3) Balancing competitiveness and living standards.

First, and as mentioned above, there was much discussion of the potential impact of Brexit. Delegates talked about a likely immediate slowdown in UK economic activity and the consequent impacts on Ireland. Exchange rate volatility was also discussed as an immediate difficulty for Irish business. Looking ahead, concerns were also expressed about trading arrangements post-Brexit. While all delegates voiced concern, some delegates saw greater risks to their specific sectoral interests such as agriculture, food and rural areas. There were calls for the government to develop its negotiating strategy as soon as possible and to work towards minimising any disruption to British-Irish trade links.

The second category of challenges was entered into the deliberations partly in response to the Brexit vote but the discussion on this point related to the causes of the Brexit decision as opposed to the effects. Specifically, many delegates spoke of large groups of people in the UK feeling politically
disconnected and economically insecure and how many among this group had voted to leave the EU. The view was expressed that many people in Ireland are similarly disconnected and insecure and that our economic discussion and policy needed to be cognisant of this. These concerns would have been voiced whether Brexit happened or not but the Brexit vote certainly heightened the awareness. This line of thinking led to calls for a greater focus on tackling social exclusion. More generally, there was a strand in the discussions which called for a greater alignment of social and economic priorities so that growth was used to tackle disconnectedness and insecurity.

The third category of challenges that emerged relates to the following - the need to protect the competitiveness gains achieved in recent years while at the same time ensuring that the fruits of economic growth are transmitted to a wide group. References were made by some to the need to increase the minimum wage and also to the desirability of moving beyond the concept of the minimum wage to that of the living wage. Others raised concerns about such proposals and argued that wage restraint was needed if Ireland was to remain competitive. This group also noted that Ireland’s competitiveness challenge had become more acute as a result of the Brexit decision.

The proposed solutions

As might be expected, there were many calls for extra spending so that public services could be improved and our public infrastructure enhanced. As was the case at the 2015 NED, it was clear that not all proposals could be accommodated within the fiscal space that had been identified in the Summer Economic Statement.

Before looking more closely at the spending proposals, I think it is worth noting that demands for tax reductions were generally absent from the discussions. This was true of the plenary sessions and also of the break-out session devoted to taxation issues. Some proposals were made for targeted tax reductions and for re-balancing taxes across specific groups – for example, the self-employed versus employees. However, no delegates chose to use their interventions to argue that the aggregate tax take in Ireland is too high and needed to be reduced. To the extent that this can be taken as reflecting some degree of consensus across the disparate groups that attended the NED, this is an important point.

While it might be tempting to conclude that the absence of calls for aggregate tax reductions represents a broader societal consensus, it is important to remember that those participating at the NED may be drawn disproportionately from representative groups who benefit disproportionately from public expenditure. “Tax-payers” as a group are not represented directly, although members of the Oireachtas could be seen as filling that role.

A simple list of the range of spending proposals would not be helpful here because the list would not capture elements of consensus or shared approaches. For this reason, I have tried to search for proposals which were mentioned by many groups and which could tackle a number of policy objectives at once.

At last year’s NED, one policy area where consensus and a shared approach emerged was childcare and this was also the case at the 2016 event. It was argued that investment in childcare would yield benefits in terms of equality objectives but also in terms of competitiveness – reducing costs for working families and facilitating labour force participation.
Housing also emerged as an area where many delegates argued in favour of increased public spending and broader governmental effort. This was not surprising given the housing challenges which Ireland faces but I think it is worth reflecting on housing in the context of the discussion above on balancing economic and social objectives. It seems clear that an ambitious programme of social housing would help to tackle one of the current great social challenges. However, such a programme would also be part of an effort to increase the housing stock whereby pressures on price and rents can ease. This would make a contribution to the competitiveness challenge that was also discussed. To the extent that social housing has an associated revenue stream in the form of rents, a range of funding mechanisms are available and could be explored.

More broadly, the discussions on solutions to the economic and social challenges which Ireland faces often referred to the need for increased spending on infrastructure, including broadband in the context of rural disadvantage. In this context, it was argued that infrastructural development should form part of a developmental plan incorporating balanced regional development and spatial planning.

**Over-arching themes**

In the Chairman’s report following last year’s NED, I noted that no delegates had suggested that the fiscal rules be ignored and, in fact, a general willingness to adhere to the new fiscal framework was a noteworthy theme of the 2015 NED. Once again, there was no argument to break the rules in the 2016 NED. However, there was a greater level of questioning over whether more degrees of flexibility should be sought from the EU in the application of the rules. The flexibility being sought related specifically to the perceived desirability, mentioned above, of investing in public infrastructure. A number of delegates pointed to the low interest rate environment and concluded that this was an opportune time for investment.

The discussion of possible flexibility on the fiscal rules prompted an intervention by the Secretary General of the Department of Public Expenditure and Reform in which he reminded delegates of the need for appropriate expenditure controls whether such controls are imposed by the European Commission, domestically or both. Secretary General Watt also urged delegates to focus more narrowly on their key priorities, reflecting the point made above that not all proposals could be accommodated within the available fiscal space. Minister Donohoe went on to remind delegates of the need to review and evaluate existing spending rather than focussing exclusively on new spending.

Two further issues were mentioned in discussions and should be noted here due to the general acceptance of their importance. First, population ageing is now a well-understood phenomenon and it is recognised that providing public supports which have an age-related dimension - such as pensions, healthcare and long-term case – will absorb a proportion of the fiscal space in the coming years. Second, climate change will also impose costs such as through expenditure related to adaptation (for example flood defences) and through the cost of non-compliance if Ireland fails to meet its 2020 and 2030 emissions targets. Both issues – population ageing, specifically pensions, and climate change – were also tackled in breakout sessions, thereby reinforcing their importance to budgetary discussions.

**Overall conclusion**

As was the case in 2015, the 2016 NED provided a useful opportunity for a broad group of sectoral and societal representatives to outline their priorities for budgetary policy in a collective forum. In
spite of the broad range of views and interests, some common themes emerged. However, it was also clear that priorities need to be identified. Not all proposals can be accommodated and, what is more, not all proposals should be accommodated until evidence is presented on the relative merits of one line of spending over another.

The discussion was framed against the back-drop of the Summer Economic Statement and so a relatively benign scenario with respect to fiscal space and the associated scope for budgetary expansion. The government representatives indicated that there would be no immediate change in the budgetary arithmetic so the short-term context for discussion was relatively optimistic. At the same time, the UK referendum outcome provided another context for the discussion. Based on the points made at the NED on the possible impact of Brexit on Ireland, it seems that the economic climate will be more challenging in the coming years than had been expected prior to the Brexit vote. This will imply less scope for budgetary manoeuvre also and so a greater need for prioritisation. This altered landscape may be the backdrop for a NED in 2017.
Appendix – Rapporteurs Reports from the nine Breakout sessions
Breakout session 1 “Tax reform for balanced economic growth”

Chair: Minister Michael Noonan T.D.
Rapporteur: Donal de Buitléir

The following summary of discussion at the breakout session has been prepared under the authority of the rapporteur and should not be perceived or understood as an agreed document.

Summary: The group was asked to discuss tax reform for balanced economic growth. There was a recognition of the need to have a tax system which provided adequate revenue to fund services, facilitated productivity growth and maintained Ireland’s competitive position. A number of measures were suggested which are outlined below.

We were asked to address the issue of tax reform for balanced economic growth.

There was a very good and wide ranging discussion which reflected different points of view. The Minister noted that Ireland had a very progressive income tax system and a high marginal rate which applied at a relatively low income level. He drew attention to the public perception that companies pay too little corporation tax and that there were substantial constraints on his freedom in relation to VAT. Fiscal space for tax reform was about €300m.

We were asked to address five issues

1. What options should be considered to maintain the personal tax base as USC is phased out?

Some considered that there should be no tax cuts, indeed that the tax levels needed to be increased to deal with social deficits.

At present the proposal is to finance the reductions in USC by not indexing the tax system. There was some support for the following:

- Maintain USC.
- Introduce a Financial Transactions Tax.
- Increase environmental taxes and charges on second homes.
- Critically review tax expenditures
• Review VAT rates while ensuring the taxation of essentials was protected
• Tackle bogus self-employment

2. **Priorities for tax reform**

Proposals included:

• Reduce the marginal tax rate below 50%.
• Equalise the relative tax position of employees and self-employed.
• Improve income averaging provisions in the agriculture sector.
• Introduce refundable tax credits
• Staged introduction of PRSI for small employers recruiting new staff
• Reduce taxation on rental income to increase the viability of the private rental sector

There was a fear that the UK could become more aggressive in tax competition and that there was a need to ensure that our arrangements were competitive, e.g. CGT arrangements for entrepreneurs.

Productivity growth was the key to increasing living standards and the tax system should encourage this growth.

3. **Is the tax system a barrier to attracting and retaining skilled mobile workers.**

Reference was made to a “war for talent”. Some suggested scope for enhancement of the Special Assignee Relief Programme. Others were not convinced of the need for special treatment for highly paid executives.

4. **How can Ireland tackle international tax avoidance while maintaining competitiveness?**

We should engage with the BEPS process but ensure that the EU does not impose a tougher regime than that envisaged by the OECD. There was very strong support for the 12.5% corporation tax rate but there was some concern that the effective rate should approach the headline rate. Public perception is that the effective rate is considerably lower. It was noted that the tax base was wide and that the level of corporation tax as a proportion of GDP was relatively high by international standards. Reference was made to research undertaken which showed that the effective rate of corporation tax was 10.5%. Some expressed a wish to engage further on this topic.
5. **Sectorally focussed tax incentives.**

We were asked to identify measures which have outlived their usefulness. There were no proposals for abolition. Indeed it was noted that it was difficult to remove tax reliefs which had been introduced on a temporary basis. There was a proposal for a temporary tax relief measure in the construction sector, aimed particularly at reducing the cost of housing for first time buyers.

Other issues raised

- Concern was expressed at the complexity of claiming pyrite relief for LPT purposes.
- Some argued that the tax system generally, for example in relation to PRSI, was too complex. Others considered that the operation of the system had contributed well during a crisis period.
- There were a number of suggestions that budget proposals should be assessed from the point of poverty, equality and gender proofing.
Breakout session 2: “Sensible spending”

**Chair:** Minister Paschal Donohoe T.D.

**Rapporteur:** Dr Stephen Kinsella

*The following summary of discussion at the breakout session has been prepared under the authority of the rapporteur and should not be perceived or understood as an agreed document.*

**Summary:** The discussion centred around reconciling economic and social goals, sustainable public spending, planning over the medium term during periods of uncertainty, and trying to understand the role of performance, information, and evaluation in the public services.

**Introduction**

The discussion centred around reconciling economic and social goals, sustainable public spending, planning over the medium term during periods of uncertainty, and trying to understand the role of performance, information, and evaluation in the public services. Overall I was struck by how much passion everyone brought to the table in addition to their own expertise.

Participants identified the need for sensible spending to be complemented by a sensible taxation system to ensure sustainable public services. The discussion on sensible spending focused on the importance of also considering the funding basis for public expenditure, such as the taxation system and the appropriate level of public borrowing and should it only be for capital projects with a long term economic return.

It was felt needed to have agreed economic and social and cultural goals, as the result of the UK’s Brexit referendum shows that we cannot put economic goals ahead of social goals. Otherwise the State is at risk of the social disaffection and fragmentation that we have seen in the U.K.

The session began by focusing on how the State’s economic, social and cultural goals could be reconciled with sustainable public finances. Demand for spending always outstrips supply. One must prioritise between competing policy choices. Given competing demands, the entire fiscal space can be hoovered up in a single day. Efficiency and value for money need to be key.
Especially in the last seven years economic rather than social needs have taken a backseat given the economic crisis and the need to get the economy back on track. It’s easier to articulate an economic vision than a social vision.

We had a go at trying to define what a sustainable tax and spend system was. One definition was that the State should ensure its citizens can access social, health, education and cultural services when they require these during their lifetimes. Another definition: there should be a minimum level of public services made available to the citizen.

Another definition of sustainability concerned Ireland’s need to be open to the rest of the world, which exposes our public finances to large levels of volatility. The level of public services has to be paid from our own tax system and we should only borrow for capital development if at all possible.

In properly considering a sustainable level of public services, everyone agreed there was a need to generate greater public understanding and public trust on the different areas of public expenditure and provide greater clarity over how public expenditure decisions are reached.

Despite 93% of all spending going on current spending and only 7% on capital spending, it was pointed out that there was very little flexibility in spend when we take out the big 3 spending departments. It was pointed out that the fiscal rules exist to try and balance growth and stability in long run and that there are flexibilities available to support more investment even with these rules.

At this stage we were already running out of time. Time really does fly when you’re discussing fiscal rule compliance.

We need better mechanisms for broadening our tax base, for tax-raising, a thorough examination of tax breaks, and service quality assuring to give people confidence that if they pay, they will receive.

But there will always be competing priorities.

In helping to decide priorities, societies must first agree on high level goals and agree strategies, supported by newer tools like national balanced scorecards produced by budget offices around the world—these develop into benchmarks. The basic idea is that sensible spending should be allied to sensible income.
The changes in the budgetary process are making more information publically available for wider consideration and allowing for more informed decisions, more informed discussion, as well as opportunities for ex-ante budget scrutiny and ex-post programme evaluation. There’s a cost, however.

Several participants reflected the need to focus on programmes which should be reduced or ended after these evaluations. The need for further public service reform and public sector productivity was also mooted.

The compilation and publication of this additional information can make decisions slower and more cumbersome. A reference was made during the session to a need for greater national economic, social and cultural dialogue so as to address potential social fragmentation while these processes take place.

There was a proposal that current expenditure should be solely from the State’s revenue base, however, there were concerns whether that would be sufficient in a downturn.

The discussion considered why the State should be adopting “sensible spending” and whether it should adhere to EU fiscal rules or for sustainable public services. The group discussed whether changes to the EU fiscal rules should be sought so as to address the important long term returns that come from capital investment.

The group stressed we should be looking at the efficiency and effectiveness of the entire stock of government expenditure, not simply the quantum of increase, and a better understanding of this stock and what it does would yield a huge benefit in terms of public understanding of the distributional, social, and gender impacts of both new and existing policies. A ‘do no harm’ principle was mooted.

Demographic changes mean more people are living longer and will have high cost needs. We need to plan for an aging population with increased health needs, which will be a very expensive part of maintaining a civilised society.

The development of new indicators. Outcomes based expenditure is vital—for example, we can look at quality of life measures. Lots of good work done under previous social partnership on indicators to track people’s life status. Could build on this work (depts.) to develop clear goals, objectives etc., to get the right outcomes not best outcomes for all. Need well defined outcomes in advance based on clearly defined vision. Sometimes we focus too much on implementation and need to accept that it takes time.
Conclusion

Finally, we agreed the need to look better at where we allocate resources and what we’re doing wrong, but also, and this is important, what we’re doing right. The fact, for example, that the government managed to increase the number of Special Needs Assistants to record high levels during the crisis was highlighted.
Breakout session 3: “Planning for the Future - A Digital Economy and Climate Change”

Chair: Minister Denis Naughten T.D.
Rapporteur: Antóin Ó Lachtnáin

The following summary of discussion at the breakout session has been prepared under the authority of the rapporteur and should not be perceived or understood as an agreed document.

Summary:

The Digital Economy

- We need to make sure that Ireland is a winner in the digital economy and that we maximise the benefits and mitigate the hazards.
- We need to train and upskill our citizens and businesses.
- We need to ensure there is policy coherence.
- We need to be ahead of the curve as we compete with other countries for investment and business opportunities.

Climate Change

- There is a short and long-term challenge in transition to a low carbon economy and society.
- The public has to be a full participant in making this transition.
- Good information, expertise and guidance is critical at all levels.
- There are opportunities for leadership and exports.
- In these uncertain times, we must provide certainty to investors and innovators.

The Digital Economy

The digital economy touches on all areas of our economy and our society. The statistics show that there is strong engagement with the digital economy, and as the National Broadband Plan brings high speed broadband to every home in the country, the opportunities will be ever greater.

Ireland has to be both a producer and a consumer in the Digital Economy, and we need to be sure businesses and individuals take advantage of the opportunities. There are a number of online sectors where we have an advantage at present and we should focus on these in particular. The Food, medical
devices technology, financial technology and film/TV production were cited as areas of particular strength. We need to be cognisant that other countries have taken major steps to position themselves as leaders in tech-driven innovation and the digital economy.

To take advantage, we have to have coherent policies that underpin and support digital developments across all areas. We have to train and educate citizens to make the best use of digital technologies, whether it is as a consumer of services or to provide services to others - not only for young people, but for the population generally, to make sure they are in a position to take full advantage. This isn’t just about developing technical skills. Entrepreneurial skills are also important to understand and capitalise on the new opportunities. We have to make sure that the technology is an enabler, which broadens horizons and gives opportunities and choices that were not previously available, and that it is not perceived as something which is alienating or disempowering for some citizens.

Businesses will have to be in a position to compete online. They have to be prepared to adapt and invest in the technology. Small businesses have to find ways to take advantage of the Internet to reach broader markets, and one mechanism for doing this is for small and large businesses to cooperate.

There are also risks with the Digital Economy. Digitisation brings the prospect of mechanisation, leading to the loss of certain types of employment. Again, upskilling, reskilling and entrepreneurship are key in addressing this challenge. There is the risk of the lowering of standards for the work force, where previously stable, steady jobs are turned into jobs with poor worker protection and bad work conditions. One participant proposed that there needs to be a ‘social charter’ for the sharing economy, so that it does not become a ‘sharing of scraps’ economy.

Participants also raised the issue of cybersecurity. Cyber-attacks pose a serious risk and it requires significant investment to make sure that we have the skills and systems in place to combat it. We need to consider the roles that government and the private sector will play in providing investment and leadership in this area.

**Climate Change**

We identified two broad challenges for Climate Change.

One is the short-term challenge of the policy choices to be made over the next five to seven years. We need to choose which projects and which technologies to support and make decisions about how best to bring these on-stream.

The second challenge is longer term, and is in many ways more difficult. It has been highlighted and focused by the outcome of Paris Agreement. Its implications will lead to fundamental changes in the areas of energy, agriculture, transport, and waste over the next three decades. This is a very short period of time considering the scale of changes required. We need to re-orient our economy and society to meet the challenge. One participant said that it was important that Ireland ‘hold our nerve’ in addressing this challenge.

We have to make sure that this shift is carried out in a way that is just and fair. All areas of society have to feel involved in the transition. Renewable energy projects have not always found public acceptance - particular in the communities in which they are to be located. Some participants highlighted that there has to be a bottom-up, consultative conversation with communities about these technologies, and that there had to be clear, tangible benefits for the local community who are being asked to cope with the environmental change. One possibility suggested is to follow Denmark’s model
of community involvement in local projects to increase public buy-in. For example, solar projects, which can utilise roof space of community buildings offer an opportunity for the community to become directly involved.

Even knowledgeable consumers have difficulty obtaining and assimilating the correct information about how they should renovate their home or update their heating system to reduce carbon. It is critical that objective information is available to them to make sure they make informed decisions. This applies equally to businesses. One participant proposed that advice should be available to homeowners and businesses in a similar way to how Teagasc advises farmers.

The need for high quality information also exists at the national level, for government and regulators. For example, there needs to be objective information available about the benefits and costs of solar energy in an Irish context in order to determine what level of feed-in tariff would be required to make solar energy viable. It is important to have the knowledge and expertise to assess new technologies as they come on-stream and to ensure funds are allocated to the technologies and projects that will deliver the greatest benefit.

We have to consider the impact that decarbonisation will have on the workforce. There will be new jobs, for example in areas such as construction and retrofitting existing buildings, whereas there are potential job losses as peat and coal stations wind down. Different views were expressed about the speed at which we replace the most carbon-intensive generating stations, in particular peat and coal. However, it was agreed that the transition and its impact needs to be planned and managed from early on.

The view was expressed by some that Ireland could be a leader in low-carbon technologies and could develop solutions that could be sold to other countries. This could leverage the presence of major technology companies in Ireland, our streamlined grid infrastructure and our expertise in data processing and energy technology.

Concern was expressed about the impact that Brexit may have on our energy market and the impact this could have on how we meet our climate obligations. In particular we need to consider impacts on plans for interconnection to Northern Ireland and France. Brexit has caused great uncertainty for investors in the UK and there is also uncertainty at EU level. In this context it was stressed that regulatory certainty is critical to attract investment and encourage innovation.

Climate change and the emergence of the Digital Economy are both inevitable, seismic changes. There are negatives and positives, and Ireland needs to ensure that we are best placed to benefit from these changes. We need to be ambitious and bold and ensure there is participation and involvement by all sectors of society.
Breakout session 4: “Economic policies to best achieve our full employment goal”

Chair: Minister Mary Mitchell O’Connor TD
Rapporteur: Brigid McManus

The following summary of discussion at the breakout session has been prepared under the authority of the rapporteur and should not be perceived or understood as an agreed document.

Summary:
The Group considered economic policies to best achieve full employment from a number of perspectives – the challenges to full employment; the prioritisation of policy areas in terms of resources; stimulation of innovation led growth; additional policy strands to existing strategies; and maintaining our focus on competitiveness.

Maintaining and enhancing competitiveness, while ensuring just and sustainable employment, was seen as a key challenge. Effective activation and education and training is essential to delivering labour market participation for particular groups. Addressing childcare costs and infrastructure deficits were seen as priority issues. SMEs should be specifically considered when developing all enterprise policies.

The Group discussed a number of challenges to achieving the full employment goal.

- maintaining and enhancing competitiveness;
- uncertain environment for consumers and business;
- barriers to labour market participation of certain groups;
- employment quality and sustainability for employee, employer and the State;
- regional spread of employment;
- infrastructure;
- Changing nature of work and workforce.

Addressing these challenges required action under a number of policy areas.

Competitiveness
While improvements in competitiveness were acknowledged, there was a concern that, examining the components of competitiveness, the situation was less positive.
With an improving economy and employment, pressure could come on competitiveness. The UK decision to leave the EU adds particular pressures. There was agreement that the National Competitiveness Council had analysed a lot of the issues in detail; what was now required was to identify those elements that should be linked to the Action Plan for Jobs for implementation, with appropriate monitoring and reporting, while acknowledging that many of these are complex cross-sectoral issues. Measures to address infrastructure deficits, in particular housing and broadband, were seen as urgent. Quality of life and the social and cultural environment were seen as important assets.

**Labour Market Participation**

Strong information flows and joined up approaches between Intreo, local employers, enterprise agencies and education and training providers were seen as key to ensuring that long term unemployed individuals were in a position to benefit from employment opportunities. The importance of skilled case officers, who can tailor approaches to individual need, was emphasised.

Childcare was seen as a key constraint on both labour market participation and competitiveness. Cost is a significant factor compared with other countries and impacts, in particular, on female participation. For certain groups, notably lone parents, schemes to support affordable childcare are not evenly available throughout the country. Action on childcare was seen as a priority for resources.

**Education and Training**

There was general agreement on the importance of the contribution of education and training to employment growth and labour market participation. There was broad agreement that there needed to be an increased focus on developing apprenticeships and increasing the status of apprenticeships as a career choice. The issue of the college related student contribution for apprentices was also raised.

Technological advances such as artificial intelligence will change the nature of many employments. Changed work expectations of younger employees and the potential for longer working lives will need a variety of employer approaches. Investing in training and education for the existing workforce, as well as the unemployed, would have a positive impact on productivity and sustainable employment.

**Just and Sustainable Employment**

In keeping with the theme of the dialogue, it was noted that jobs needed to be sustainable both in terms of hours and wages. The need to manage wage growth in a manner which avoids damaging competitiveness and the need for workers to get a wage benefit from economic growth were acknowledged. The importance of a
focused national planning framework in delivering on the regional action plans for jobs was emphasised. The State should ensure that employers who act justly were not disadvantaged and companies who breach employment or other regulations should have this taken into account in subsequent public procurement.

**Innovation/Entrepreneurship**

Discussion focused on a number of areas that could support innovation and entrepreneurship:
- innovation hubs
- research and development
- seed capital
- supports for unemployed to establish businesses
- the potential for green public procurement
- application of the circular economy approach to waste as a resource

**SMEs**

It was suggested that more attention should be given to the particular needs of SMEs across the range of economic policies and communication with and input from SMEs should be enhanced. Data gathered and analysis on issues such as competitiveness should reflect SME concerns as well as those affecting larger enterprises. The issue of avoiding barriers to SME participation in public procurement was also raised.
Breakout session 5: “The role of education and training in securing opportunity”

Chair: Minister Richard Bruton TD  
Rapporteur: Dr Aidan Kane

The following summary of discussion at the breakout session has been prepared under the authority of the rapporteur and should not be perceived or understood as an agreed document.

Summary

Our wide-ranging and constructive discussion reflected the unique potential that education and training hold for serving both economic and social goals for Ireland. A number of priority themes across the system emerged, arising in many cases from the challenging diversity of student backgrounds, aspirations, and opportunities. These priority themes included the need for balanced policy effort across sectors, including especially the need for sustainable investment in higher education, the integration of educational provision with diverse societal needs, the enhancement of guidance for learners across all levels, and explicit support for educators as leaders. We also reflected on process, and especially on the capacity for implementation which is goal-oriented and supported by rich and nuanced evaluation to deliver on an ambitious and inclusive agenda for Ireland.

Context: the contribution of education to social and economic goals

The macro context of economic stability (despite immediate Brexit-related concerns), and easing fiscal constraints, allows Ireland to address the strains on the educational and training system consequent on the long recession, and then move beyond that immediate job of repair, towards significant social and economic achievements in this domain. Within this context, there was a broad consensus on the need for sustainable investment in education and training.

Moreover, it is the unique potential of education, broadly understood, to serve both wide goals of social inclusion/cohesion, as well as directly underpinning the economic development which provides resources for that ‘just society’. Delivering this requires a policy effort that is ambitious and relentlessly goal-oriented.

Our discussions ranged widely, reflecting the multiple facets of the policy challenges at issue: our discussions were constructive, reflecting the significant opportunities at hand, and
enthusiasm for innovative solutions, given appropriate mechanisms for implementation, evaluation, and support.

**Priority challenges across sectors**

We did not attempt an exhaustive trawl of sectoral demands, but explored a number of themes which recurred across the educational and training landscape. Throughout our discussion, one feature which emerged was diversity: diversity of student aspirations, socio-economic backgrounds, achievements, transition routes, and opportunities in civil society and the enterprise sector. We are far beyond serried cohorts of essentially similar students (of the same age) seamlessly transitioning from 1st to 2nd to 3rd level. This can, and has in fact, prompted a plethora of targeted initiatives, but are they joined up? Are they joined up for policy makers, stakeholders, including educators and employers? Are they joined up for students? Specific consequences of this challenging diversity include:

**Sectoral imbalances.** There was a recognition that, during the crisis, investment in the school system had been protected to a degree. However, the higher education system was particularly affected during the crisis, with a decline in funding, notwithstanding increases in enrolment. Putting in place a sustainable model of funding for higher education was regarded as vital. The impending publication of the Cassells report should facilitate a public debate on how this can be done. Both these widely acknowledged capital deficits at third-level, and very real pressures in early childcare provision, will require renewed policy endeavours.

**Integration of provision with societal needs.** The challenge, broadly stated, is to continually link training options for learners across all levels, and across the life-course, with diverse and ever-changing needs from society, including the public sector, civil society, and the enterprise sector. Much work has been done during the crisis to make the system responsive to enterprise and labour market needs. The National Skills Strategy was regarded as a good model for engagement, and initiatives such as regional skills fora and enhanced use of learner data by SOLAS are facilitating a greater matching of education outcomes with employer needs. There is an evident need to enhance dialogue along these lines, drawing upon and integrating best practice from many successful institutional and sectoral level initiatives.

Models of work-based learning, apprenticeship, internships, and placement are evolving: initiatives already underway have great potential to move beyond traditional sectors, and low-cost/crisis management models, towards real integration: there are clearly exciting possibilities here for directly serving both goals of economy-wide productivity and addressing social disadvantage, and thus exemplifying the distinctive role of education which informed the discussion throughout.
Guidance for learners. In this complex and demanding environment, if policy makers are challenged, how much more are learners challenged to navigate through appropriate options, advance through multiple pathways, and access support when difficulties obstruct, interrupt, or delay progression? ‘Guidance’ has perhaps been unduly ‘siloed’ at second-level: there is a real appetite for enhancing guidance supports at all critical transition points, for very diverse needs, as a core function of educational provision.

As a particular example, the very significant resources devoted to special needs provision are perhaps not widely enough acknowledged, perhaps this has also been framed as unduly distinct, residual, or additional, as opposed to deeply integrated into the intrinsically holistic mission of education.

Support for leadership and innovation. These challenges of diversity require significant leadership roles (far beyond reporting and compliance) for educators, within coherent governance and management frameworks. Educators as leaders enable continual and systematic curricular reform and leadership in teaching programmes, and thereby pioneer innovative approaches which can be more widely adopted, generating real-world successful case studies for policy makers. These leadership roles should constitute resourced and respected career pathways of standing, to deliver on those ambitions.

On process: implementation against goals, with evaluation for learning.
Inevitably, even if eased, resource constraints ultimately do bind, and choices from a long list of desirable goals must be made—and therein lies potential conflict: so, how do we think about processes?

Clarity about goals. In other policy domains, especially in addressing crisis-level unemployment, the discipline of clear goals, timelines, and evaluation against those goals has proved its worth—including for initiatives in the education and training system such as Springboard. This has had the particular merit of focussing on ultimate goals; policy instruments can evidently be reframed, goals can be refined. This is especially important in re-iterating the dual role education and training has in supporting both economic progress through competitiveness and productivity channels, and in delivering social justice. Clarity about goals does not remove tensions and debate, but allows at least that debate to focus appropriately.

A culture of evaluation. Evaluation in a holistic domain such as education should also be holistic, nuanced and about learning, rather than (as often feared) narrow, simplistic, or exercises in blame. But there must first be a commitment to a culture of evaluation—to enable the educational system itself to learn after implementation. This is an example of a role where central government has a distinctive capacity, in supporting that culture. Policy
actors more generally may from time to time explicitly consider what they can do best—their comparative advantages in the policy system—and so implicitly, what they should not do.
Breakout session 6: “Delivering on Foodwise 2025”

Chair: Minister of State Andrew Doyle TD
Rapporteur: Joe O’Toole

The following summary of discussion at the breakout session has been prepared under the authority of the rapporteur and should not be perceived or understood as an agreed document.

Summary:
This session centred on Food Wise 2025 and the agri-food sector generally. The discussion agreed on the importance of the sector to Ireland’s economic, environmental and social sustainability, and then focussed on a number of key threats and opportunities facing the sector and actions that might be taken to address these. In terms of threats, Brexit understandably emerged as the most significant risk currently facing the industry although price volatility, competitiveness and the ability to attract and retain talent in the sector also emerged as key themes.

The discussion centred around a number of themes as follows:

Farm incomes
There was considerable agreement around the table that the issue of farm income volatility posed a significant barrier to attracting and retaining talent in the sector. A number of ideas and possible strategies were advanced as to how this challenge might be addressed:

- Diversification into activities which provide a more stable income stream, for example, forestry or renewable energy.
- The introduction of a tax incentivised ‘Volatility Bond’ or deposit scheme, that farmers could pay into in good times and draw down from in less favourable economic circumstances, in order to offset price volatility effects
- Ensuring new markets were available for increased production in order to protect margins and minimising price volatility.

There was agreement that access to affordable credit disadvantages Irish farmers and food producers compared to their EU equivalents. The cost of land to purchase or rent presents a barrier to entry but also an obstacle to achieving the type of scale that could enhance viability.
Regulatory burdens and the cost of regulation was raised as an issue which presented challenges for small operators in particular. The availability of off-farm employment in rural communities was regarded as being key to supporting part-time farming.

Environmental Sustainability
Concern was expressed about the potential scale of forthcoming EU Green House Gas emissions targets that are as yet unknown. Technical improvements and measures will go some way toward achieving the required target but other potential mitigation measures need to be explored given the likely ambition of any new targets. The issue of the measurement and verification of sustainability was also raised.

It was considered that the major continuing contribution that the agricultural community made to maintain the natural environment including hedgerows and water channels should be acknowledged.

The issue of which sector of the economy ultimately claims credit for progress achieved towards the overall target was also raised as an issue. The importance of knowledge transfer as a means to optimise progress towards emissions reduction was also stressed. However, the age profile of the sector presents challenges in this regard. There was broad agreement that there needed to be continued emphasis placed on ensuring that education curricula and information dissemination mechanisms reflected latest technological developments. There was acknowledgement for the efforts of the Department of Agriculture, Food and the Marine and Teagasc in promoting innovation in this regard. There was also acknowledgement of the contribution of the Origin Green programme as a strategic long term project in the area of promoting environmental sustainability and expanding market reach.

The suggestion was made that further measures could be considered to incentivise small or young farmers to become ‘environmental guardians’ at the farm level through access to an Environmental Fund. Greater diversification of farm level activities was also highlighted in the environmental sustainability context. Eco-tourism was cited as an example which could also provide a potential additional income stream for farmers.

The promotion of alternative land use, in particular, for forestry, was also raised as a potential means of improving overall environmental sustainability.

There was a discussion on various renewable energy initiatives such as Bio-Gas plants with anaerobic digesters, PV panels, Methane capture etc. which might complement agriculture and reduce costs or provide new income streams. In that regard it was felt that further work needed to be done before farming communities would be attracted to them.

Fostering innovation and improving competitiveness
Another key theme which emerged from the discussion related to how the agri-food industry might benefit from the world class consumer research already being produced in order to develop existing products into strong commercial offerings. Strong R&D support was identified as something that was lacking in certain sectors (particularly in prepared foods) and investment in appropriate infrastructure through Teagasc, third level sector or otherwise was needed to make best use of the research information already available.
In terms of improving competitiveness, there was broad acknowledgment that significant cost pressures continue to weigh on the industry. Excluding Brexit related issues some of the key costs which were discussed included the rising cost of insurance and the lack of competition in the feed market. While it was acknowledged that opportunities continue to exist for further efficiency gains and better use of technology across the agri-food sector in order to reduce costs there was concern that these savings were unlikely to offset meaningfully the likely impact of Brexit on the industry. This is further discussed below.

**Addressing Brexit Uncertainty**

As with many other breakout sessions uncertainty around the implications of Brexit on the industry emerged as a key issue. There was general agreement that this issue should not be allowed dominate the discussion at the session however it was clear that participants felt there were significant short term implications of the UK decision on the agri-food sector specifically which Government should endeavour to respond to as a matter of urgency. Significant concern arose in relation to the short term implications whereby Foreign exchange rate volatility might have a strong and lasting impact on our competitiveness in the UK market. It also could give rise to the potential of import substitution arising from cheaper imports from the UK.

There was also a view that the Irish position in relation to the agri-food sector may not agree with the EU proposed approach, there was a view that the Irish Government should prioritise these positions as part of our engagement on these issues. Given the significant price volatility in recent weeks related to Brexit there were calls to look at tax measures in Budget 2016 which would attempt to address such volatility.

**Access to Affordable Finance**

Industry wide access to appropriate affordable finance was raised by a number of participants as an issue which was impacting growth and investment. There were a number of comments suggesting that lending rates being offered by the main banks were significantly in excess of the EU average to similar businesses and that more could be done by Government to increase competition and reduce rates. While the establishment of the Strategic Banking Corporation of Ireland (SBCI) has helped somewhat some participants suggested that it was not enough. There was a suggestion that Government should seek to attract outside funds, such as the EIB, to lend directly to the sector allowing direct access to lower cost finance. State Aid rules were also raised as a barrier to achieving lower cost funding for the industry and Government should look at alternative schemes to address this issue.
Breakout session 7: “Housing, homelessness, urban regeneration and planning”

**Chair:** Minister Simon Coveney TD  
**Rapporteur:** Dr. Rory O’Donnell

*The following summary of discussion at the breakout session has been prepared under the authority of the rapporteur and should not be perceived or understood as an agreed document.*

**Summary**

The discussion was framed by two beliefs, shared among the group:

First, a recognition that, to date, we are going backwards in the sense that the pace of housing provision is increasing more slowly that the need, given social, demographic, labour market and wider economic conditions;

Second, a firm conviction that Irish public policy has the capacity to do more about the housing question than has been done to date.

In this context, the group discussed the following, inter-related, aspects of the housing challenge to be addressed by government policy:

1. Obstacles to increased social housing delivery by both local authorities and Approved Housing Bodies (APBs);
2. Factors constraining private sector construction and housing supply;
3. The rental sector and the challenge of moving to a more standard European model of secure long-term rental while stabilising conditions within the existing rental sector;
4. Homelessness, particularly the need to stem the flow into homelessness;
5. Student housing as an area in which increased supply is urgent, but also feasible;
6. Issues in the planning and delivery system of relevance in both the short and medium term.
Obstacles to Increased Social Housing Delivery by Both Local Authorities and Approved Housing Bodies

It is taking significant time to scale up social housing provision, reflecting human resource constraints within local authorities and organisational issues. But, beyond that, we do not yet have a sustainable funding model. There was a consensus that there is a need for significant public expenditure and that flexibility would be required within the EU in the application of the fiscal rules. We also need to continue to explore off balance sheet options, such as the NAMA Asset Residential Property Services (NARPS). The group discussed ways of helping AHBs to scale up their delivery and the challenges they face in creating a pipeline of projects. Some of the constraints relate to the use of local authority land. Others reflect lack of a coordinating agency. Several argued that in the medium-term we need to move to an Austrian type, cost rental, model which supports financing, quality maintenance and social integration, as well as stabilising the housing system and macroeconomy.

Factors Constraining Private Sector Construction and Housing Supply

The group noted ways in which a variety of costs limit the private viability of construction on many sites. It was also acknowledged that access to finance was an issue both for developers and house buyers. This reflects both current conditions and an underlying change in the funding context. NTMA and ISIF funds may assist in this area. There was a consensus on the need to ensure that new housing developments are socially integrated. There should be no escaping Part 5 obligations. While all supported macro-prudential rules, possible modifications were discussed. Action is needed on the high rate vacant and underutilised property. There was considerable discussion of land, and measures such as the Vacant Site Value Levy. The issue is not always the quantity of land of available, but investment and coordination mechanisms, such as SDZs, that drive development forward. We are really only starting to use these mechanisms. It is not appropriate to have land accounting for a high share of high home prices. If we rely passively on a market recovery we may observe investment in land with limited intention to build. The group briefly discussed aspects of active land management, including the role of Compulsory Purchase.

The Rental Sector

It was argued that our aim should be to move to a more standard European model of secure long-term rental. Among other things, this will require encouraging institutional investors to create a ‘build to rent’ sector. But, for a variety of reasons, it is difficult to achieve this in current circumstances. One is the pressure to need to provide incentives for landlords to stay in rental market. Indeed, some feared that measures to encourage institutional investment could undermine smaller landlords and those outside the cities. It is important to distinguish between long-term investors, which will provide quality accommodation at rents that are affordable to various segments of the market, and investors that buy cheap with intention of flipping properties. There seemed to be broad agreement on improving the tax treatment of landlord income, on certain conditions. But there were divergent views of the issue of
standards in the rental sector. While some argued that the countries we emulate, such as the Netherlands, accept a wider spectrum on apartment types, others cited the negative effects of low standards in the Irish private rental sector and, in a few instances, in local authority housing.

**Homelessness**
There was strong agreement that it is both socially wrong and economically irrational to put an increasing number of families in hotel accommodation. The main aspect of homelessness discussed was the need to take measures to stem the flow in homelessness. While there was broad agreement on the need to increase Rent Supplement and establish preventative measures in the case of buy-to-let arrears and receiverships, there were some difference of view on the protocol on young people leaving care.

**Student Housing**
It was agreed that enhanced student housing provision would take pressure off the private rental sector as well as helping students with affordable quality accommodation near their place of study. In addition, some of the complex issues which arise in the wider rental sector, concerning availability of land and appropriate standards, do not arise to the same degree. Government has been in direct dialogue with the higher education institutions to drive progress in this area.

**Issues in the Planning and Delivery System of Relevance in Both the Short and Medium Term.**
The group discussed a range of aspects of the planning and delivery system that seem to limit the speed, viability and variety of housing provision in each of the main spheres. It was argued that Irish planning norms are not supportive of the build to rent model or some viable approaches to student housing. Nor were they conducive to a range of innovative housing and building approaches emerging in other countries. The forthcoming National Planning Framework (NPF) was identified as playing a critical role in setting the context for sustainable spatial development, the role of key cities and the regeneration of towns and villages. There is a real challenge in ensuring that the cities we have become viable—economically, socially and environmentally. It is important that infrastructure investment support this. It was suggested that there be targeted incentives to rejuvenate towns and village centres in Ireland.
Finally, reflecting the many complex technical and coordination issues identified in the discussion, there was agreement that we need an entity to drive housing delivery.
Breakout session 8: “Sustainable Infrastructure”

**Chair:** Minister Eoghan Murphy TD  
**Rapporteur:** Dr. Edgar Morgenroth

The following summary of discussion at the breakout session has been prepared under the authority of the rapporteur and should not be perceived or understood as an agreed document.

**Summary**

- There was broad support for the need for a long term vision and a follow up to National Spatial Strategy, e.g. National Planning Framework (which is a Programme for Government Commitment).
- The group stressed the need for community buy-in, which should be sought up-front and which would help elaborate a long-term vision ‘from the bottom-up’.
- There was also broad support for Infrastructure Commission, which could help depoliticise decisions making on prioritisation and evaluation of projects.
- At national level an annual average public capital spend of 4% of GDP is needed. Whilst the Public Capital Plan commits to almost 4% by 2021 there was some support for the need to reach that in 2017 (resources permitting) or to even overshoot in the short term to make up for crisis period underspend.
- Fiscal rules might be overly restrictive for infrastructure. An exemption for investments that have a proven economic return should be sought.
- Priorities identified include housing (dealt with in another in another breakout session), public transport (urban and regional), broadband (rural), water and wastewater and childcare. These are seen as key infrastructural bottlenecks on which limited resources should be concentrated.
- Maintenance of existing stock is also important but often forgotten about.
- The planning system can act as a bottleneck. There is a need for clear timelines in the planning process on which the State has some influence. This would reduce costs.
- Need to ensure value for money in what we do spend.

This session considered the planning, scale and prioritisation of public infrastructure investment. In doing so it focused on on-balance sheet investment, however recognising that off-balance sheet investment (e.g. energy) plays an important role in sustainable economic and social development. The need to achieve value for money was accepted as an important requirement. While housing was identified as an important bottleneck this was not discussed in detail given that it was the topic of another breakout session.
Planning and Prioritisation

There was agreement that the focus should be on long-term planning rather than just the short term, as capital projects provide services for extended periods often over 30 years or more. This should take account of the likely or desired regional distribution of the population. In order to plan infrastructure it is necessary to have a clear vision of what Ireland is being planned for. Such a vision, or a set of long term objectives, should be developed from the bottom-up with broad community involvement. Such objectives are essential to identify the sectoral and regional prioritisation for infrastructure spending. For example if specific regional development objectives are not included in the infrastructure prioritisation process then it is unlikely that the desired regional development outcomes will be achieved.

A long term vision for the country should be the basis for a national spatial planning framework which is seen as an essential pre-requisite to infrastructure prioritisation. This should focus on competitive cities, including the scale of the second tier cities, but should also recognise the specific issues faced by rural and remote areas. A National Planning Framework should provide the basis for some tough choices on infrastructure prioritisation. There was also broad support for an Infrastructure Commission which would depoliticise decisions on infrastructure prioritisation. Political in-fighting and local competition was seen as a barrier to efficient decision making. An Infrastructure Commission could also play an important role in providing independent analysis on the return of individual projects.

Scale of the Public Capital Programme

Given strong population and economic growth there is a need for an ambitious level of spending. While acknowledging the fact that capital expenditure is treated differently from current expenditure under the fiscal rules these may nevertheless constrain the public capital programme. The fear was expressed that if the EU Fiscal Rules prevent necessary infrastructure projects from progressing this could lead to euro scepticism. In this context a case was made for modifying the rules for infrastructure projects that could show a clear and verifiable triple return (economic, social, environmental).

Overall the group agreed that the current level of infrastructure spending is too low. This should be around 4-5% of GDP compared to the current level of 2%. While the public capital plan estimates envisage capital expenditure to reach 3.8% by 2021 there is a need to exceed this to make up for the under-spending over a number of years. Ideally public capital expenditure would reach 4% in 2017. Infrastructure expenditure on Transport is currently just 0.5% but would need to average 1.2%. Maintenance is sometimes overlooked but is of critical importance.

Detailed Prioritisation

A number of specific immediate investment priorities were identified. These include housing, transport and in particular public transport, water and wastewater infrastructure, rural broadband and childcare. As housing was the focus of a separate breakout session this was not considered in detail.
With respect to transport the significant progress in developing the network of major interurban roads was acknowledged. Going forward the focus will need to shift to public transport both from a climate change perspective and also because it will be difficult to accommodate significant growth in private car usage in major urban centres. Apart from urban transport, interurban connectivity and accessibility of services should also be prioritised. It will be important to connect the large regional centres with the smaller towns and their hinterland. There is limited scope for the development of rail given the low population density in many areas and given the high fixed costs of rail infrastructure.

Water and wastewater infrastructure are seen as a key priority, because of scale of required investment, the potential fines due to the lack of wastewater treatment facilities, and the importance of this infrastructure for both residential and commercial development.

Rural broadband was also seen as a key constraint. Additionally the quality of the urban broadband offering was also identified as poor in places.

Childcare costs were seen as an important issue for many families, and there should be further investment in this sector. Such investment could be financed by reallocating some of the money from child benefit towards direct provision of services. It was noted that schools are mostly unused after school hours and there could be better utilisation of resources through after school clubs etc.

Some general points were also noted. Specific local bottlenecks can have a significant detrimental effect on the development potential of individual places. For example the lack of capacity on the electricity grid can prevent new development in specific locations. Instead of focusing on traditional investments there is scope for innovative solutions. For example in relation to rural transport a similar service to Uber might provide a more cost effective yet inclusive solution. The planning system can act as a bottleneck. There is a need for clear timelines in the planning process on which the State has some influence, which could reduce costs.
Breakout session 9: “Occupational Pension Coverage – Issues and Options”

Chair: Minister Leo Varadkar TD
Rapporteur: Jane Williams

The following summary of discussion at the breakout session has been prepared under the authority of the rapporteur and should not be perceived or understood as an agreed document.

Summary: The group addressed the need for increased coverage and adequacy of secondary pensions in Ireland.

The group had an independent economist, two trade unionists, two members from business representative organisations, two from the voluntary sector, three senior Public Sector officials but no one from the pensions industry. The discussion made use of the international comparisons as well as the current position in Ireland as the base line. The group reiterated the purpose for the first line of pension provision, the State pension, as key to the system and a defence against poverty. There was consensus on the need to increase coverage from the current 41% in the private sector as a key contributor to ensuring that people have sufficient income to live decent and fulfilling lives in their old age. The demographic trends make this urgent. Personal responsibility was emphasised.

There was a consensus on a State run, mandatory (with very limited access) supplementary pension fund, administered through the PRSI system, invested by the State, in which each individual will have an individual, portable, pension pot, an annual report on performance and entitlement and Defined Contribution (DC) type expectation, with no State guarantee. A key challenge to this development is Trust - in pensions as a reliable vehicle in which to save for old age; in pensions companies as providers of predictable and value for money management of funds; and the State because it recently dipped into pension and the SIF funds in the emergency. There was discussion on the detailed design, and the supporting elements needed, but further discussion is needed on elements like the targeting, level of contribution (Convert the USC reduction into increased PRSI as the start), the terms of the programme, and others.

The Group first focused on the overall pension’s provision and arrived at consensus around a number of core themes:
**State Pension importance** – The vital importance of the State pension as the foundation of the pension system was confirmed. It provides the defence against poverty in old age, the return on years of PRSI contributions and the certainty on which people can rely and plan their pension. Certainty on its level, relative to a good yardstick, needs to be available and not be a figure which is determined as part of the annual budget process. It is for a large proportion of lower paid people the only income they will have in old age. The rules under which it operates need to be looked at for the modern world of work, taking into account the level of women in the workforce, many of whom will take some years out for child rearing and other family responsibilities; self-employment in its various guises; trades where people start work at 16 and so have 50+ years working when they retire; some women’s disadvantage because of the marriage bar, physically demanding roles and retirement age; to ensure fairness.

**Trust** – The experience of the last 8 years in pensions has eroded trust in pensions as a reliable and safe way to save for retirement. This has been caused by the financial crash and the resultant reduction in pension fund values, the closing of DB schemes with significant reductions in members’ pension, relative to the employer promise, the State levying private pensions and the high and opaque level of fees charged by the fund managers and administrators. Without promotion and education to increase trust in the pension system, it will be challenging to garner support for the new supplemental system.

**Mandatory** – There was strong support for the supplementary pension to be mandatory. It is simpler and will create scale. Some flexibility would need to be available but the fewer the better. Circumstances like first house purchase, illness etc. are situations which other countries’ systems allow for some withdrawal on a once only basis.

**Collect via PRSI system/Investment managed and on-going member engagement by the State** – The proposal to collect contributions through the PRSI system got strong support because of its efficiency, reliability, capacity to document and trace people, its direct relationship to earnings, and its ability to communicate well with members. The consensus was that the investment should be managed by the State, applying good investment criteria and practices, but excluding unethical investments.

**Need for State intervention** - Though individuals are responsible for providing for their old age, the State has a responsibility for ensuring a strong pension system, with a fundamental role in providing a State pension. Current demographic trends reinforced the need for action and a strong pensions system. The State is well positioned to provide leadership to address this.

In addition to the main themes summarised above, the participants also made contributions on the need for a gradual introduction over an extended period (10 years was mentioned) to
build trust, ease employers into the additional burden of administration; suggestions that the USC switch and the pension becoming an alternative to a round of salary increases was positively received. The clear position stated was that the State could not guarantee this pension. The targeting of the programme was discussed, though this could appear contradictory to a mandatory and universal programme, in the context of a programme for all. Those in the €25,000 to €50,000 income bracket were seen as the key focus because those below that level would find the State pension to be about 50% of their working earnings and those above €50,000 would tend to have good private pensions. It was noted that the State could not be competing with private provision, either cannibalising existing private provision or competing with the private sector for a commercial service.

The more detailed discussion that followed on the elements of the programme had more diverse thinking and so was less conclusive but equally valuable. It covered issues such as the need for incentives to save for a supplementary pension; phased introduction for all firms or larger firms first; displacement effects; acceptance of a DC type arrangement; the importance of strong regulation on investment and other aspects of the programme; inclusion of public sector employees; investment policy; facilitation of labour mobility; fair tax treatment; gender proofing; consideration of issues if it run by the private sector; contributions may be viewed as a tax; ethical investments only in the fund; increasing retirement ages; need to rationalise the number of schemes in Ireland; critical importance of communications and promotion; 100% coverage is the objective; different rules to existing State pension a possibility.