



Rialtas na hÉireann  
Government of Ireland

# National Economic Dialogue 2019

Chair's Report



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# National Economic Dialogue 2019 Chair's Report

Professor Alan Barrett

The fifth annual National Economic Dialogue (NED) was held on 26 and 27 June 2019. The same format as previous years was used, with some minor modifications. As with previous years, I was asked to chair and to provide a brief report. In what follows, I will make a number of comments about the concept and process of the NED. I will then mention some of the major themes that emerged but without trying to be in any way comprehensive.

The objective of the NED is to discuss economic and social challenges and the model, whereby a wide range of representative bodies attend, is effective in many ways. Through those representative bodies, and through the contributions of others such as Oireachtas members and the Irish Fiscal Advisory Council, a comprehensive presentation of the perceived challenges emerges. A comprehensive set of policy proposals also emerges generally with funding implications, the sum total of which would exhaust the available fiscal resources, possibly many times over.

While the NED generates the comprehensive overview, it is less effective in identifying priorities. In previous years, as mentioned by Minister Donohoe in his opening remarks, a consensus of sorts emerged around topics such as infrastructural investment and childcare. Hence, the model certainly has the potential to identify priorities. However, it is more likely that the discussion is characterised by competing demands and I am inclined to say that the overall impression of this year's event was of competing claims as opposed to identifying priorities. Of course, it is ultimately the role of government to identify priorities and the role of the NED must be understood in that context.

The context for the NED 2019 was somewhat unusual. The Irish economy is on a strong growth trajectory and concerns about overheating were expressed throughout the discussion. However, the continuing uncertainty over Brexit and the possibility for a no-deal Brexit mean that the trajectory of the economy could be altered speedily, with concerns about overheating being replaced by concerns around a rapid slowdown. It was against this background that the discussion unfolded.

I noted above the prevalence of competing demands in the discussion but one area that emerged as a shared concern was climate change. Climate featured in the discussion more prominently this year, reflecting the broader societal engagement with this key challenge. However, the precise policy path was the subject of disagreement. All seemed to agree that the climate challenge must be addressed and that a "just transition" must be achieved whereby lower income groups and those whose jobs are at risk from the transition be protected. But the methods through which these various objectives are to be achieved was less clear.

Those advocating increases in carbon taxes were not necessarily of one mind on the question of how the resulting revenues should be used. Some people argued that the revenues be used for environmental purposes such as housing retrofits, possibly aimed at lower income households. Others focused on using the welfare system to compensate lower income families. Others seems to envisage a strategy that would include elements of both but there might have been a disconnect between the likely amount of revenue to be raised and the scale of ambition for carbon tax revenue recycling.

A wide range of other issues arose but I will mention just a small subset here.

As with previous years, housing and housing affordability continue to be significant concerns. Most of the discussion this year focussed on the social dimensions of the issue and links to poverty and social exclusion.

Poverty was raised by a number of delegates and the specific issue of gender and poverty was highlighted to a greater degree this year. It was argued that women suffer greater economic vulnerability from a number of sources, including the rise of precarious work and caring responsibilities. Hopes were expressed for a Citizens Assembly on gender equity and for the further development of gender budgeting.

The challenges facing domestic enterprises and enterprise policy both featured in the discussion. In the context of Brexit and concerns about international tax rules, there seems to be a heightened interest in ensuring that domestic firms are as productive as possible. There also seems to be a belief that there is much scope for productivity gains which could be enormously beneficial. Investment in R&D was discussed and the need for associated tax instruments to be attractive to Irish SMEs.

Regional development has always featured in NED discussions, and in particular the challenge of rural development. In this context, the Brexit-related threats to the agri-food and tourism sectors were discussed and links made to the impacts on rural areas. Many long-run trends such as the tendency for modern service industries to gravitate towards urban centres pose threats to the regional spread of economic activity but Brexit poses a very specific threat in the short-run. There were many calls for the roll-out of supportive policies and welcomes for recent movement on rural broadband.

In my closing remarks, I drew attention to the lack of discussion around healthcare and how this surprised me. The spending plans contained in the Summer Economic Statement look sensible in the context of the stage of the economic cycle and the potential threats facing the economy. However, I think all delegates were aware that overruns in health spending seems to be expected every year as opposed to exceptional and that the scale of the overruns put pressure on the overall fiscal balance.

The NED 2019 may not have identified clear priorities for Budget 2020 and could be viewed as having provided too much sectoral pleading and not enough discussion of the “national interest”. In addition, while the risks associated with Brexit were prominent other potential risks, such as the possible vulnerability of corporate tax revenues, were less evident in the discussion. However, I think it is worth commenting on the high level of engagement across all groups and the value of exchanging views in an open and broad forum. At a time of increased bitterness in public debate in some countries, we should appreciate the nature of the debate which the NED witnessed this year and in previous years.

# Appendix- Rapporteur Reports from the Breakout Sessions

# BREAKOUT SESSION 1

## “ACHIEVING SUSTAINABLE ECONOMIC GROWTH IN A CHANGING ENVIRONMENT”

**CHAIR:** MINISTER FOR FINANCE AND PUBLIC EXPENDITURE AND REFORM, PASCHAL DONOHOE, T.D.

**RAPPORTEUR:** PROFESSOR 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.*

### Introduction

The session started with a brief introduction by the Minister, which was followed by a very rich discussion addressing the questions set out in the background breakout session. The discussion focused on a number of key themes including; fiscal policy, Brexit. This report gives an overview of the discussions.

### Theme 1

The first issue discussed was the most appropriate fiscal stance given the position in the economic cycle and the heightened risk of an adverse shock.

We addressed:

- How do we strike a balance between calls for a more expansionary fiscal policy at a time when we are at the top of the economic cycle?;
- How do we manage competing pressures for spending?;
- The need to smooth expenditure and build up fiscal buffers in better times so that the automatic stabilisers can be put in place in the event of shocks. Important to realise that Ireland still has a very high level of debt. As such, in the event of a shock our ability to borrow is limited. Level of public debt – €42,500 for every man woman and child. The SES provides for a further €25 billion increase over 5 years;
- Takes time to develop new policies so it is prudent to consider new automatic stabilisers now;
- Risks to the economy as a result of Brexit;
- Do we have the right tools to smooth the cycle?

If the economy is structurally balanced, it should grow at 4% but in the current situation should yield increased resources for investment.

The point was made that we can alter the fiscal stance by increasing spending and increasing taxes commensurately, opposite is also true. We can also increase taxes and use the surplus generated to pay down the stock of debt.

Calls for multi-annual budgeting were made.

## Theme 2

The evolution of capacity constraints in the context of Brexit.

There were calls for increased investment in infrastructure - capacity constraints were cited as an important issue facing the Irish economy in areas such as transport, childcare, housing, higher and further education, cost of insurance etc.

Need for greater emphasis on apprenticeships as an alternative to third level education.

There was a call for an expansion of the human capital initiative which can act as a buffer.

Focus should be on early investment in infrastructure, with prioritisation of early planning work.

The need for balanced regional development was highlighted as was investment in green infrastructure. The possibility of linking carbon tax receipts to green projects was suggested.

The issue around low pay in the labour market and retention was raised.

Smoothing the cycle by measures to re-balance the economy such as supports for SMEs.

Equalise the tax treatment of different classes of worker.

## Theme 3

The difficulties with framing Budget 2020 October, weeks before Brexit were acknowledged.

In the event of a disorderly Brexit, the principles to guide progression from there should focus on protecting the vulnerable.

Brexit has serious implications for people and organisations outside of Dublin, need to ensure investment in these areas to address this regional shock. Similarly, there were calls for supports for indigenous organisations, particularly in the face of Brexit challenges.

While there are potential economic shocks, there are also opportunities that have material benefits for Ireland both at home and abroad.



## Theme 4

The risks and vulnerabilities around Corporation Tax were discussed. A large portion of capital expenditure has been funded by Corporation Tax receipts. Receipts are still growing – they may get stronger before they start to reduce so we may have a period of time to adjust.

Point was made that employment related taxes account for up to 75% of the tax base. As such, there were calls for further broadening of the tax base to reduce the reliance on same.

Carbon tax receipts should be ring-fenced.

## Conclusion

The discussion concluded with the Minister thanking all contributors for their engagement in this discussion which he found helpful and he welcomed the wide range of views.

There was a greater appreciation of the constraints on budgetary policy in terms of the international environment, and the complexity of the trade-offs faced by the Minister in preparing a Budget.

## BREAKOUT SESSION 2

### “DIVERSIFYING OUTPUTS AND MARKETS”

**CHAIR:** MINISTER FOR AGRICULTURE, FOOD AND THE MARINE, MICHAEL CREED, T.D.

**RAPPORTEUR:** PROFESSOR MICHAEL WALLACE

*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.*

#### Introduction

The agri-food sector is Ireland’s largest indigenous industry, encompassing primary production (agriculture, fishing and forestry), along with downstream food and beverage, and wood processing sectors.

The session opened with references to the principal challenges facing the sector, namely, Brexit, reform of the Common Agricultural Policy (CAP), and the over-arching priorities on climate action. The ‘outward-looking’ nature of the Irish agri-food sector was outlined; Ireland exports products to 180 countries across the globe. It was noted that approximately 40% of the sector’s exports go to the UK, and the possibility of a disorderly Brexit has further focussed energies around diversifying markets.

The competitive strengths of the Irish agri-food industry were outlined, especially its grass-based ruminant production systems; and the opportunities from continuing growth in global demand for meat and dairy products. The strong tradition of collaboration, involving both public and private stakeholders, that has contributed to the continuing success of the sector was highlighted.

Participants engaged in a very constructive and inclusive discussion that centred on four key themes: ‘Brexit and market diversification,’ ‘product diversification,’ ‘adding value,’ and ‘maintaining resilience.’

#### Theme 1: Diversifying Markets

There was a discussion on the potential challenges for the agri-food sector from a number of trade issues, including Brexit. It was noted that different businesses and sub-sectors of the agri-food industry have different exposures. Concerns were expressed about the vulnerability of the beef sector, while some participants noted that Brexit could create opportunities for the lamb sector if there is reduced UK access to the EU market.

There was a consensus about the merits of continuing to diversify markets to mitigate Brexit impacts, but also to maximise opportunities from the growth of global markets. It was acknowledged that significant success has already been achieved in expanding into new markets such as China, Japan, South Korea, and the USA. The substantial investment in time and money needed to develop new markets was commented upon. A key strand in the discussion centred on the need for a targeted approach for future development, expansion, and retention of markets based on potential return on investment. It was mentioned that companies have been able to successfully leverage insights provided by Bord Bia research in prioritising opportunities in international markets. The advantages of trade missions, presence at trade expos, and having representatives ('boots on the ground') in export markets was emphasised. In this context, there was general agreement about the value of promoting the environmental efficiency and sustainability of Irish agri-food products.

Emphasis was placed on the importance of building on existing strengths, especially in the large European Market of 500 million consumers. It was suggested that a re-emphasis on the European market should occur in tandem with the development of third country markets. The sophisticated European market was identified as especially important for growth in high-value prepared consumer foods. The continued importance of the UK was noted; the emphasis being that Irish agri-food exporters have a 'large stamp of credibility' with UK customers. It was noted that this credibility was built-up over decades, working closely with customers to meet their exacting specifications. Consequently, these 'hard-won markets' in the UK are highly valued and will not be abandoned regardless of the outcome of Brexit.

The capacity for growth of Irish agri-food sales within the domestic market was also remarked upon. It was suggested that there is scope for more 'local products' in segments of the domestic market.

## **Theme 2: Product Diversification**

There was a wide-ranging conversation about opportunities for product diversification, mainly by primary producers. It was acknowledged that such decisions must be responsive to market signals and that the scope for diversification depends not only on available supports but is shaped by farm-specific resources such as land quality and human capital. It was remarked that certain enterprises, such as commercial horticulture, are hampered by the small domestic market and scale needed for competitiveness in export markets.

There was general agreement amongst participants that comparative advantages in pasture-based production systems will continue to underpin the predominance of the dairy and beef sectors. Within this context, the framework for verifiable sustainability of production should continue to be built upon as a prerequisite for access to premium markets for meat and dairy products.

Several types of land-use diversification were identified, including agroforestry. A thread in the discussion was that forestry enterprises could target higher-value products such as hardwoods for furniture manufacture and Scots pine for telegraph/electric poles. The important role of agroforestry in maintaining habitats and promoting biodiversity was outlined. It was advocated that production of hardwoods could also be integrated into farm hedgerows. Moreover, it was suggested that mixed species forestry could create further value through eco-tourism, and other countries could be studied as exemplars in this context.

There was some debate about the share of land used for tillage crops relative to grassland while acknowledging limitations around land suitability. This discussion centred on enhancing the self-sufficiency in animal feed grains, malting barley, and horticultural crops. Possible synergies were noted between the Irish malting barley sector and the successful expansion of the Irish drinks industry. These synergies might be further realised through enhanced collaboration between both sectors.

Other areas identified included industrial hemp, biomass, and bio-char. There was some debate about the potential size of the domestic markets, giving consideration that economic viability would be dependent on downstream processing capacity/demand for these products. An obstacle to uptake may be that community bioeconomy initiatives may not benefit from financial support (such as Enterprise Ireland Innovation Vouchers) if they are organised as cooperatives.

It was highlighted that there is further scope for expansion in the organic produce sector based on the continuing growth of organic food markets. Similarly, renewable energy was envisaged to play an increasingly significant role within the primary production sector.

It was acknowledged that farmers have a pivotal role in the provision of public goods along with conventional products. The particular focus was on the environmental aspect, including biodiversity, carbon sequestration through hedgerows, and protecting wildlife habitats. It was noted that proposals for the new CAP have already signalled an enhanced ambition in this regard.

### **Theme 3: Adding Value**

There was agreement on the importance of enhancing value-added in the agri-food sector. In this context, they noted the critical role of knowledge and information, in the form of consumer and market research. It was suggested that guiding research should be more proactively utilised by stakeholders, enhancing capabilities that are aligned to market opportunities.

It was agreed that a lot has been achieved in this area over the last few years, such as the technology centres for dairy, meat and consumer foods which have contributed to the creation of value in these sectors. Highlights of product innovation that have supported growth in market segments included areas such as functional foods and prepared consumer foods. It was also noted that value is also being generated through customised solutions, designed to meet exacting specifications of retailers/customers.

Another thread in the discussion was that investment in research and development within the sector may need to be accelerated. However, it was acknowledged that research funding initiatives such as FIRM and Stimulus have played a key role in providing targeted research to meet industry needs; while also supporting the training of skilled graduates needed by the agri-food industry. Human capital development through enterprise-led training was viewed as pivotal for successful growth through innovation. It was also acknowledged that enhancing value-added provides a platform for job creation.

Innovations based on the circular economy concept were identified as offering significant potential for value creation. In this context, minimising waste and developing more resource efficient processes were deemed pivotal for environmental efficiency and cost competitiveness. High potential areas mentioned included innovations to extend the shelf-life of food products. Similarly, opportunities were identified around product solutions that reduced packaging (especially plastic) waste. However, it was also pointed out that there are challenging trade-offs between improving shelf-life and reducing packaging.

The potential of branding as a strategy for enhancing value was also discussed. The Irish drinks industry was mentioned as a success story in this context, characterised by differentiated products and recognised brand identities. In a related thread around the 'Ireland' brand, it was suggested that there is potential to further exploit synergies between the nation's food, drink and tourism sectors. It was noted that Irish agri-food producers share a strong reputation for natural quality and, specifically in the beef and dairy sectors, benefit from positive consumer attitudes towards grass-fed meat and dairy products. The potential for enhanced marketing of the natural 'grass-fed' characteristics of Irish beef and dairy products was noted. It was suggested that Irish beef could benefit from Protected Geographical Indication (PGI) status.

#### **Theme 4: Trade-offs and Maintaining Resilience**

The inherent trade-offs among economic, environmental, and social dimensions of sustainability and resilience were debated. There was a consensus about the importance of addressing environmental priorities such as climate change and biodiversity. However, there were also some divergences in opinions about the level of ambition required. The divergent opinions spanned from (a) further expansion of the cattle herd is challenged by the need to

mitigate greenhouse gas and ammonia emissions, to (b) the low environmental footprint of Irish grass-based production systems and (c) that reduction in Irish output would result in carbon leakage by production shifting to parts of the world that are less environmentally efficient. The favourable economic impact of dairy herd expansion in terms of exports, farmer incomes, and rural jobs was also cited.

The importance of maintaining business resilience through cost competitiveness was emphasised. In this context, the 'tight' labour market and comparatively high cost of finance were noted as obstacles. Other themes in this discussion included the importance of the sector remaining responsive to market signals, enhancing productivity, addressing labour constraints, enhancing training/skills, and attracting fresh talent (generational renewal). A related thread highlighted the importance of maintaining strong employment and working conditions, supported by social dialogue and collective bargaining. The discussion on addressing labour market constraints also touched on issues such as work permit approvals for migrant workers and enhancing participation rates within the domestic labour market.

Participants identified that the key challenges of Brexit, Mercusor, CAP reform, and Climate Action are likely to impact on the longer-term resilience of the agri-food sector. The possible impacts on employment were mentioned and it was noted that such impacts would primarily occur in rural areas where alternative opportunities may be in scarce supply. This discussion focused on the possible economic impacts of Brexit, highlighting vulnerable sectors (especially beef) and the threat of job losses. Reference was also made to the need for a plan to protect impacted workers, citing the example of the OECD jobs strategy, including short-term work schemes to sustain jobs through a period of turbulence. It was also suggested that Ireland could build on the experience of the EU Globalisation Adjustment Fund as an indicative model for assisting workers who might lose their jobs in the event of a disorderly Brexit.

## Conclusion

There was acknowledgement of both challenges and opportunities for the Irish agri-food sector, and it was agreed that these should be met with nimble and agile strategies. The discussions recognised the importance of collaboration in terms of strengthening the resilience of the sector. Importantly, the stakeholders' viewpoints shared common perspectives, but there remains scope to build further consensus around the challenges and opportunities. This session has been timely as it will be considered in the context of Budget 2020.

## BREAKOUT SESSION 3

### “FUTURE JOBS: ENSURING OUR ENTERPRISES AND WORKERS ADAPT SUCCESSFULLY IN A CHANGING GLOBAL ENVIRONMENT”

**CHAIR:** MINISTER FOR BUSINESS, ENTERPRISE AND INNOVATION, HEATHER HUMPHREYS, T.D.

**RAPPORTEUR:** DR LARRY O’CONNELL

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

#### Introduction

This session focused on how we ensure our enterprises and workers adapt successfully in a changing environment. There was a very constructive, wide ranging and interactive discussion. We addressed six questions but I have grouped the feedback under three connected themes: uncertainty being faced not feared; the importance of a positive vision and a focus on job quality; and, collaboration which is getting deeper and more local. There was also an emphasis throughout on practical actions and suggestions.

#### Theme 1: Uncertainty Facing Not Fearing

The first theme was uncertainty and facing it, not fearing it. There is huge degree of uncertainty facing our enterprises and workers. There will be significant displacement of sectors, jobs and tasks. It is already occurring and has been occurring for some time when we think about automation and industry. The only certainty is that the pace of change will increase and, rapidly. Brexit, AI, the impacts of climate change and international trading relationships will together and collectively force very fundamental and rapid change upon our society. However, it was also clear that all participants saw opportunities and challenges, and some of the opportunities were linked directly to challenges.

There are some issues which are causing uncertainty that can and should be dealt with and members raised a number: fears or lack of understanding people have around what happens welfare entitlements when they return to work; some issues around tax, outsourcing and SMEs; perceptions among parents and school leavers around apprenticeships. These uncertainties should be and can be addressed.

There are deeper uncertainties about which jobs will be vulnerable and the critical response to these would seem to centre on developing systems, policies and supports which are responsive and flexible. The key to discovering vulnerability would seem to a blend of

modelling, scenario or forecasting work but combined with qualitative insights based on deep engagement with companies, sectoral experts and unions and workers. This model has been deployed to help shift the construction sector towards higher productivity growth based on use of new technologies, specifically BIM, and could provide the basis for lessons for other sectors.

An additional area of uncertainty raised was about the future make-up of our society and family structures which as they evolve may create new pressures, some already visible, when there are fewer family members among whom caring responsibilities might be shared.

## **Theme 2: Positive Vision: A Focus On Job Quality**

The second theme focused on mind-set or vision. It was argued that there is a tendency to underestimate the economic and enterprise strength that now exists in Ireland. If this is resisted—and there is evidence to suggest should be, like the level of capital investment—a more powerful vision can come to the fore. This vision may require abandoning the small-open-economy mind-set and the focus on exports and growth. Instead, the argument put forward was to replace this with a vision of Ireland as a leading economy producing higher-value added goods, attractive export offerings, higher-end service and tourism offerings; an economy focused on the quality jobs, not the quantity of jobs.

It was argued that the focus on quality, avoids seeing automation and labour as involved in a trade-off, instead it was stated that companies use automation to remove routine tasks and find ways to move more people into more interesting work. The focus on quality jobs also has the potential to help ensure economic development is more aligned with climate and environmental objectives.

To underpin a focus on quality jobs the Group was clear that there needs to be sustained investment in education skills and re-training. There were strong calls to address the funding of higher education, and the Cassells report and its findings were highlighted as offering a potential means of moving forward. The Group also raised the need to re-examine the approach to apprenticeships and the awareness and attitudes to the sector across society about the nature and value of trade-based careers, particularly in a wealthy economy. Members noted some innovative approaches being used by employers in a number of regions.

It was also argued that there is a need to provide incentives for people to engage in life-long learning, particularly those who are lower paid.

An additional area noted was low managerial skills, particularly the very low level of formal managerial training among indigenous SMEs. An idea put forward was a Green cert for



entrepreneurs with the farming example seen as providing support with the gains evident in terms of improving farm safety and financial management; and the cert was also seen as way of helping deal with many of the labour relations issues arising for SMEs and start-ups.

The issue of skills upgrading also needs to extend to the full range of cognitive and non-cognitive areas.

It was also argued that future growth will require languages and that while AI may impact it looks likely that face-to-face dialogue will always remain important.

### **Theme 3: Collaboration Key, and it's getting Deeper and More Local**

The third theme focused on the question of how-to ensure that quality jobs can be created. It was noted that it is difficult for Government to identify possibilities, vulnerabilities or opportunities, for business.

The Group noted the role of effective collaboration between the public and private sector in highlighting opportunities or vulnerabilities. These can take various forms. One example cited was FUSION, an Inter-Trade Ireland programme that supports companies by helping to fund a high calibre science, engineering or technology graduate and helps the company partner with a third level institution with specific expertise. Another example cited was the Disruptive Technology Innovation Fund which had over 300 applications in 2018. The efforts to distribute leadership from bigger to smaller companies was also noted. A potential new idea put forward was to examine the role that EI could have in helping the tourism sector to optimise the potential of digitisation. More generally, it was noted that the key is to figure out how to bring enterprise and education sectors together to make sure they are delivering what is needed and the role of 'an honest broker' which would link more effectively between business and third level sector.

In other areas, for example coping with the negative impacts of the transition to low-carbon, the collaboration may have to be more elaborate and involve companies, unions, workers, development agencies to engage in the search for solutions. The ability to ensure that such groups or taskforces are also empowered to make recommendations and to provide actual support was noted. It was also argued that in approaching the EU for funding— to support the transition—that the focus should be on programmes, rather than projects, that capture the impact of multiple pressures in particular regions or sectors. An issue raised was that all parts of society has to be open to changes, but that the approach to managing transition has to be done collaboratively, driven by the principles of achieving a more just and fairer society, not driven by cost alone.

## Conclusion: Good Jobs Economy

Finally, the development economist Dani Rodrik and Charles Sabel have been writing recently about the ‘good jobs’ economy<sup>1</sup>. They see the question of where quality jobs will come from as perhaps the defining political economy question of our time. Where will good jobs come from, jobs that people will want to do and be able to? In one sense, they suggest that nobody knows.

However, they argue that the answer will be constructed by dynamic public-private collaborations where companies, suppliers, local businesses, education providers and others work out what quality jobs means in their areas and work to make it happen. The components of the collaboration they envisage include intensive advisory services, (including for lifelong learning); job creation and attraction policies and workforce development.

Given what we heard at the working group— in terms of the willingness to search for new opportunities and desire to protect against vulnerabilities; combined with the existing policy landscape and new regional initiatives— it may be that the Irish enterprise space is or can become a test-bed for what Rodrik and Sabel call “the Good Jobs Economy”. Maybe quality jobs, which is implicit the Future Jobs 2019 can become the explicit focus for the next iteration FJI 2020: Building the Good Jobs Economy.

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<sup>1</sup> [https://drodrik.scholar.harvard.edu/files/dani-rodrik/files/building\\_a\\_good\\_jobs\\_economy\\_april\\_2019\\_rev.pdf](https://drodrik.scholar.harvard.edu/files/dani-rodrik/files/building_a_good_jobs_economy_april_2019_rev.pdf)

## **BREAKOUT SESSION 4**

### **“PROGRESS ON AFFORDABLE AND BALANCED HOUSING SUPPLY”**

**CHAIR:** MINISTER FOR HOUSING, PLANNING AND LOCAL GOVERNMENT, EOGHAN MURPHY T.D.

**RAPPORTEUR:** DR CONOR 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 as an agreed document.*

### **Introduction**

There was a very constructive, wide ranging, and interactive discussion chaired by the Minister on the issue of progress towards affordable and balanced housing supply. While the discussion touched on a range of issues, the broad narrative focused on three key themes:

1. Measures for balanced and affordable housing supply
2. Brownfield development and compact growth
3. Institutional investors and the landlord mix

This summary report aims to capture the discussion in these areas.

### **Theme 1 Measures for Balanced and Affordable Housing Supply**

The first theme focused on two issues: 1) general measures to deliver social and affordable new homes for rent or purchase; and 2) the specific issue of the 10 per cent requirement of social housing under the Part V requirement in the Planning and Development Act.

Beginning with the latter issue, the group explored the possibility of raising the Part V obligations to boost the supply of social and affordable housing at the current juncture of the economic cycle. A number of different views were put forward on this topic.

On the one hand, concerns were raised that such a proposal would impact the viability of projects and any requirement to increase the current threshold could threaten the delivery of new supply, in particular outside the Dublin area. Given the increases in supply over the past two years, the risk that tampering with project profitability could deter new activity was outlined as a considerable issue with the alternative that the cost of increased obligations would be passed on to purchasers.

On the other hand, it was put forward that raising the social housing threshold and/or including an element of affordable housing above the 10 per cent threshold would be welcomed given the current context. A particular suggestion was that, if the baseline 10 per cent was not be amended for purchase, an affordable rental component could be included. This would also facilitate a mixed tenure approach.

Another related point raised was whether the requirements of 10 per cent social and 30 per cent affordable housing should be increased on all state land, given the 10 per cent social was the minimum across private developments. However it was noted that these were minimums, not targets, and the state would look to work above these parameters where possible. A broader point was raised that the Part V obligation was originally designed as a tool to ensure a broad social mix in housing location whereas now it was operating as a tool to increase delivery of units which moves beyond the original objective of the regulation.

One issue raised was whether such a policy change would act to lower land prices, with the knock on benefits to affordability. Responses to this suggestion noted that this may be the case but an unintended consequence may be that this would affect the mobilisation of sites purchased in recent years. It was put forward that if the measure were introduced at the zoning phase it may be beneficial to capture the increase in value caused by the change in planning. This view was not shared by all participants. A concern was noted as to whether this would affect compact growth objectives.

Another comment was made that Part V obligations were too uniform as an instrument, and the Department could explore bespoke ways of satisfying obligations that would give consideration to the scale and specifics of the development in question. The main point being a flexible approach may be optimal. Indeed, some participants highlighted the fact that some developers are already engaging with AHBs and local authorities to deliver levels of social and affordable housing above the 10 per cent. Furthermore the delivery of social housing through turnkey methods was also discussed as part of the part V process.

Notwithstanding the delivery through the private sector, it was acknowledged that public authorities (including the local authorities and the approved housing bodies) have a critical role in delivering social housing units for all community groups. Particular issues were raised in terms of the accessibility of housing for specific groups with disabilities, potentially increasing the supply of targeted homes for the elderly who want to right size and other groups with a critical social housing need. Indeed, it was agreed that where private sector are to be involved, commercial viability must be a consideration, whereas given the public good element and critical social need, increased social housing should be led by the public sector. The importance of the state in providing social and affordable homes directly was strongly emphasised. The changing delivery mechanisms including the local authorities and the role of

the Approved Housing Bodies (AHBs) were noted with an observable recent increase in delivery.

The specific issue of cost rental was also discussed as an affordability measure. There was general welcome to the introduction of cost rental as an affordable housing solution in critical urban areas. One perspective also was given that affordability measures to date have not been tenure neutral with reference to instruments such as the Local Infrastructure Housing Activation Fund (LIHAF) and Help-to-Buy. The implication being that state supports in this area should support both purchase and rental where feasible. The importance of Help-to-Buy was noted for facilitating new supply. Credit access issues for self-employed borrowers were also raised.

## **Theme 2 Brownfield site development and compact growth**

There was a general discussion around the development of brownfield sites with the overarching policy objective of achieving more compact growth, in line with Ireland 2040 and the National Planning Framework. There was broad agreement that brownfield site development provides a great opportunity to deliver housing close to existing services and infrastructure in particular schools, public transport and other community and social infrastructure. There was also a discussion around the benefits of brownfield sites in embedding social capital and developing sustainable communities. In particular, where brownfield enabling measures were put in place, this can help individuals to remain in existing communities, in particular in urban centres where market purchase and rental prices are high. The discussion focused on the fact that brownfield sites are more expensive to develop than greenfield alternatives, therefore unlocking these sites can be complicated from a policy perspective. This is particularly the case where the objective is to deliver units on this land at purchase and rent prices that are affordable to the typical household.

Given this backdrop, there was a detailed discussion about the role of the state, and in particular the local authorities and the Land Development Agency, in providing assistance to the private sector to enable brownfield sites through the provision of infrastructure, site servicing and other utilities. Using this suite of policies (such as LIHAF and the site services fund) to facilitate delivery was broadly put forward. Particular emphasis was put on the Land Development Agency as an important innovation with and the potential to unlock some of the difficulties with developing brownfield sites. A suggestion was made that a more aggressive policy of compulsory purchase, which has been used in other jurisdictions, could act as a catalyst to unlock these sites. Indeed, it was put forward that even the threat of compulsory purchase may be sufficiently strong to move the market participants. The hurdle of objections to developments by the public in brownfield areas was raised, in particular where large developments were being proposed.

The discussion moved more generally to focus on the development of towns and cities, a critical part of the National Planning Framework. While concerns were raised about the ability to sustain employment prospects in smaller towns, there was broad consensus that revitalising towns and cities outside Dublin was necessary to alleviate the obvious pressures growing in housing supply in the capital but also to build sustainable communities in these areas. However, it was noted that achieving this objective should be done as part of a broader goal of co-locating housing and employment.

It was put forward that planning policy should encourage housing clusters and discourage the proliferation of one off housing. This would better match employment hubs and service provision, supporting compact growth and rebuilding town centres. It was noted that particular state supports such as Help-to-Buy were widely used for self builds and this could be reconsidered in light of compact growth objective. Indeed, the regulatory requirement around one-off-housing certification was also discussed with the suggestion that state incentives for energy retrofitting and other supports should insist on full compliance with building standards. It was also noted that considerable public investment should be targeted at energy efficiency upgrading and new supply should be cognisant of energy efficiency issues. A discussion also took place around the issue of vacancy and dereliction in town centres and what could be done to revitalise these areas. Particular tax incentives to offset capital costs were put forward in this regard.

It was suggested that one way of encouraging compact renewal was for the state to make serviced sites available in close proximity to towns and villages and to discourage one off housing and assist in the creation of clusters. A query was raised as to why such sites would not be just used for social/affordable housing.

### **Theme 3 Institutional Investors and the Landlord Mix**

The group considered the role institutional investors have to play in the delivery of housing supply and the development of a sustainable housing model, in particular in urban areas. A number of views were put forward on this topic. One perspective highlighted the importance of institutional investors in providing high density housing in urban areas, particular around Dublin where housing supply is critically needed. It was argued that without such financiers, the supply of these units, mainly on brownfield sites, would not be undertaken and therefore they play a critical role in delivering new supply.

A second perspective noted that these investors will look to maximise return and often prices charged on sale or rental would be outside affordable levels. Therefore to deal with affordable housing issues, other models are required as complements which would deliver units at

affordable rates. Indeed, the issue of the development of a vibrant cost rental model was raised at this juncture as an arrangement that can also provide similar scale and density but at affordable levels. The experience in other countries, with a high share of state contribution to the delivery of cost rental in terms of financing, was discussed and noted as a way to deliver social and affordable rental. A key aspect will be ensuring security of tenure for households in the medium to long term. It was noted the Department had engaged with the EIB in a funding and advisory capacity for cost rental delivery and this was welcome.

One specific topic of discussion was around whether large multinationals should take more responsibility for the accommodation needs of their staff given the pressures such companies are putting on the specific areas they operate in, due a large influx of staff. It was noted a similar initiative is being discussed in San Francisco where many multinationals are active.

The discussion moved towards the broader landlord mix and the role of small-scale landlords. It was noted that, while this group makes up a large proportion of the overall rental supply, their numbers have been falling recently through market exists. Different views were put forward for the reasons behind this with some participant's suggestion it was directly due to taxation issues and other suggesting they may have left the market anyway due to rising house prices. It was also noted that, relative to institutional investors whose business operations are concentrated in Dublin and the urban centres, small scale landlords are critical in particular for rental supply in smaller towns and rural areas.

## Conclusion

Looking across the various themes and issues discussed, two main conclusions can be drawn. First, there was general agreement that a focus on the delivery of social and affordable housing is critical to address the current housing challenge. To achieve this aim, there was agreement that the suit of policy levers, whether for affordable purchase, affordable rental or enabling supply will all be needed in complement to one another. It is only through using this range of policy instruments in tandem that this objective can be achieved. Second, it was agreed the issue of social and affordable housing cannot be left to the private sector to solve and that considerable state investment is required to achieve this critical social and economic objective for Ireland.

## BREAKOUT SESSION 5

### “DELIVERING ON THE AMBITION OF THE CLIMATE ACTION PLAN”

**CHAIR:** BRIAN CARROLL, ASSISTANT SECRETARY,  
DEPARTMENT OF COMMUNICATIONS,  
CLIMATE ACTION AND ENVIRONMENT

**RAPPORTEUR:** DR LISA RYAN

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

#### Introduction

Ireland’s greenhouse gas emissions have increased significantly in recent years, driven by recent economic growth and low fossil fuel prices. The National Climate Action Plan was published by the Minister for Communications, Climate Action and Environment, Richard Bruton, in June 2019. The Plan covers all sectors of the economy and details 180 actions to mitigate and adapt to greenhouse gas emissions. Budget 2019 represents an opportunity to start aligning government fiscal policy with climate change action. In this session stakeholders gave their reactions to the Plan and how the Budget could be used to enhance the Actions. The session was well-attended with 16 participants representing various sectors; rural Ireland was particularly well represented.

The session started with a brief introduction by the Chair, Assistant Secretary Brian Carroll, who outlined three major innovations of the Climate Action Plan:

- This is the first climate mitigation plan, which, if implemented, will reach 2030 climate change targets;
- It contains proposals for strong governance and legislative change that should deliver accountability, budgets, enhanced oversight by the Oireachtas, and a renewed Climate Action Council;
- The level of citizen involvement and political consensus is a notable departure from previous plans and included the Citizens assembly, the Joint Oireachtas Committee, and the National Dialogue on Climate Action in the development of the Plan.



This was followed by a discussion of some specific issues related to the Plan and the Budget.

## **Policy mix development**

The Chair first asked participants their perspective on how to design an appropriate mix of expenditure, taxation, regulation and behavioural change to achieve the 2030 decarbonisation targets.

Initially, the discussion focussed on the level of consultation in the development of the Plan. Concern was expressed by some at a perceived lack of structured consultation with stakeholders, particularly in rural areas. Given the scale of the problem and the ambition of the measures proposed, it was felt that a national dialogue on the Climate Action Plan with stakeholders needs to take place regularly, similar to the National Economics Dialogue. In the current Plan, it is not clear how stakeholders can feed in suggestions. The National Dialogue on Climate Action has so far focussed more on outreach and dialogue with individuals at local level. This is also valuable but different to stakeholder engagement. In general, more democratisation of the process is desirable.

Some participants felt that rural Ireland, particularly, had not been sufficiently included in the development of the Plan and therefore people do not feel part of the process. For example, stakeholders were surprised not to have been consulted in the calculation of the marginal abatement cost curve (MACC) by McKinsey, as they were for the previous version in 2003. More grassroots work is needed and a suggestion was put forward to engage local clubs and organisations to discuss the seriousness of climate change and be informed of the Climate Action Plan measures so that people understand what is happening and are less fearful of the Plan. This should also inform citizens of the benefits associated with undertaking mitigation measures, such as the improvements in comfort and well-being associated with a home energy retrofit and the financial supports available, for example. This is very important in order to secure buy-in from rural Ireland; otherwise extreme opposition can be expected.

Participants noted the ambitious nature of the targets in the Government's Climate Action Plan and the scale of the task ahead if these targets are to be achieved. The Chair noted the consensus on need for greater "bottom-up" consultation. He noted that the Plan was a first step and that there would be scope for additional consultation during the implementation process with annual publication of the Climate Action Plan and roadshows.

## Policy Measures

Some participants pointed out that urgent action is needed if we are to achieve the ambitious targets set, notwithstanding the need for increased consultation on the policy measures. This means getting started immediately on implementation of the necessary policies, even if all the physical infrastructure and consultation are not completed. A participant mentioned that starting sooner than 2021 with microgeneration, for example, is necessary. Government policy needs to be consistent on climate action across all sectors. It should also be holistic and system-oriented so that consideration is given to the interaction of policies and different technologies together.

In the media, policymakers have emphasised the role of citizen action and behavioural change to reduce our carbon emissions. Some participants pointed out that citizens cannot be expected to lead - larger structural change is also needed and this should be led by strong policy. For example, closing coal and peat power generators or reinforcing the grid to facilitate increased electrification should be decided and implemented using a top down approach. Government also needs to develop strategies to help people make the transition and be able to seize new opportunities, such as putting a plan in place for workers in the midlands who will need new skills with the demise of peat.

A mix of policies will be needed that includes taxes, in particular carbon tax, regulation to overcome split incentives, and information to ensure that citizens and business are well-informed of the changes coming. To improve efficiency/cost-effectiveness, policies should be targeted at the appropriate groups to reduce deadweight. All agreed that taxes should be aligned with low-carbon outcomes and some specific suggestions on incentives were made:

- Tax incentives for climate mitigating technologies in agriculture such as trailing shoe applicator for slurry,
- Tax reductions for businesses that participate in the circular economy;
- Tax incentives for businesses undertaking retrofitting actions.

There was concern on the lack of detail in the Plan on whether additional funding will be made available to support the many actions in the Plan. A house investment programme is needed to help rollout of advanced technologies with upfront costs. Access to low-interest loans should be facilitated, with consideration also given to barriers for older demographics to take out loans.

## Fair policies

All sectors will be challenged in the implementation of the Climate Action Plan. Many contributions emphasised the need for a just transition that ensured the protection of poorer households and those without alternatives to avoid the impact of tax increases or regulatory changes. It is well established that carbon taxes are regressive and therefore measures must be put in place to address the distributional impacts. Some participants favoured ring-fencing the revenue from carbon tax as a rebate to all or to specific groups. An alternative use of the revenue would be to recycle it back to businesses and citizens via supports for the necessary low carbon technologies. Participants felt that some form of recycling will likely be needed to buy acceptance for the carbon tax from citizens and businesses. It was cautioned that there will also be a loss in tax revenue from fossil fuels and cars and consideration should be given as to how to fill this gap.

Several participants emphasised the progressive nature of investments in public transport and recommended this be prioritised in the Climate Action Plan. A good public transport network assists low income groups in urban and rural settings and facilitates social justice. Cost-benefit analysis of transport and other measures should value the co-benefits such as social cohesion and other wider benefits rather than the CO2 emissions savings alone. Overall, social justice needs to be more integrated in the Plan and trade unions should be included.

## Carbon-proofing government policies

Participants agreed that it is important for government to carbon-proof all policies and to reform the budgetary process to reflect the urgency of climate change. It was highlighted that a shadow price of carbon is to be included in the Public Spending Code and applied to all government cost-benefit analysis and should ensure that the carbon impact is considered. Others pointed out that Action 3 in the Plan requires the Cabinet to consider all Government Memoranda against their carbon potential and more detail is needed on how this will be done. Participants agreed that if the carbon impacts of policies are measured they can be included in the carbon budget. This will be a useful way to check which activities are using up significant shares of the carbon budget. Participants mentioned that carbon-proofing policies needs to be emphasised in the same way as gender and equality proofing in government policymaking.

## Climate legislation

The proposed new climate legislation was discussed and how it will drive accountability and responsibility for the achievement of carbon budgets and sectoral targets. Participants agreed that it did not make sense to put sectoral targets in legislation, as it would reduce flexibility and cost-effectiveness in reducing emissions across the economy. There was divergence of opinion on the urgency to have legislation in place, with some stakeholders calling for impact assessment. There was consensus on the other hand that it did not really matter whether the target put in legislation was 80% or net zero greenhouse gas emissions reduction; we are still so far off these targets, they are considered to be still relatively theoretical. Once past 2030, this issue can be reconsidered.

## Conclusion

Participants in this session welcomed the new Climate Action Plan and the level of ambition it represents. Nonetheless, they emphasised that buy-in by citizens and business across all sectors will be needed to have a chance of success. The discussion in the session highlighted the need for both bottom-up and top-down measures to achieve this goal. Significant work is needed in engaging and informing both citizens and stakeholders of the seriousness of climate change, their role, potential pitfalls and opportunities approaching. On the other hand, strong leadership is also needed to ensure that the structural changes are enacted to facilitate a paradigm shift across all sectors.

Distributional issues could be significant if not handled with care. Decisions will need to be taken on whether revenues from carbon and other taxes should be hypothecated either with this goal in mind or to fund further climate action. Finally, governance is an important innovation in the Climate Action Plan. Participants recommended that the initiatives to write the targets into legislation, carbon-proof all government policy and monitor progress in implementing the Plan should be followed through carefully.

## BREAKOUT SESSION 6

### “SUPPORTING IMPROVEMENTS IN INCOME AND LIVING CONDITIONS”

**CHAIR:** MINISTER FOR EMPLOYMENT AFFAIRS AND SOCIAL PROTECTION, REGINA DOHERTY  
T.D

**RAPPORTEUR:** PROFESSOR DOROTHY WATSON

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

#### Challenges that may affect progress in income and living conditions

There was a positive response to the improvement in employment and poverty levels in recent years, but a number of challenges were noted. Chief among these is that the scale of the poverty problem remains large, with 760,000 people in poverty including 230,000 children and with high levels of poverty among people parenting alone, the unemployed, and people with disabilities.

The potential impact of Brexit on employment was seen as a challenge. As well as its overall impact on employment levels, it may create a need for new skills. It was noted that it may have a particularly severe impact on families in the border region.

The need to be aware of the potential impact on vulnerable groups of policies in other areas – such as tackling climate change -- was noted. For instance, meeting the targets of fossil fuel reduction is likely to have an impact on certain regions (particularly the Midlands) and on those dependent on certain economic sectors (such as the agri-food sector and transport). The need for mitigating measure to protect farming families was emphasised.

Housing costs and availability remain a major challenge and the vulnerability of people living in rented accommodation was noted. If fewer older adults own a home in the future, this is likely to be a challenge in terms of their capacity to afford rents on a fixed income. The need for a multi-department response in this area was emphasised.

The challenges posed by an ageing population and the needs of older adults were noted. Older people depend on social welfare payments for a high proportion of their income. Their incomes may be above the poverty line, but only by a small margin. As a result, they are very concerned about property tax. They may be asset-rich but they are income poor.

Because of fixed income, older people often have difficulty in paying for services, such as minor repair jobs. It was suggested that index-linking pensions would reduce some of the uncertainty regarding future income.

The legacy of a welfare system that emphasised cash transfers rather than the provision of services has resulted in an underdeveloped social infrastructure in areas such as childcare and elder care. The need for services for older people and people with long-term disability was noted, particularly those that enabled them to remain active.

The changing nature of work also poses challenges, both in terms of the changes in the skills required and the increased flexibility in terms of hours. To meet changing skills requirements, there is a need for life-long learning. It was noted, however, that life-long learning tends to be availed of by those who have relatively high qualifications at the outset.

The challenges faced by home carers were noted. Recent research suggests that they are at high risk of burnout and depression. There are a number of service needs in this area including respite and home help. The hidden costs of disability were also a factor faced by families caring for someone with a disability.

## **Balancing Work Incentives and Poverty Reduction**

The group discussed the potential tension between the need to incentivise work while reducing poverty.

There was a sense of a lack of awareness of schemes that were designed to facilitate the transition to work, such as the Part Time Job Incentive Scheme, Back to Work Family Payment and the retention of medical cards of a number of years. It was suggested that the community and voluntary sector, which was radically reduced during the recession, might provide a resource for the dissemination of information on people's entitlements and the supports available.

In the case of older people who are sometimes obliged to retire before they would like to, continued participation in work by setting up a business might be facilitated by increased availability of enterprise grants. Lifelong learning is also important here, as some people may need to change the type of work they do as they grow older, due to illness or injury

Home carers could be enabled to prepare for, or participate in, work if the threshold for participation in study or work were to be increased from the current 15 hours to 18.5 hours per week.

Several other kinds of barriers to work were noted, apart from the loss of benefits. One was the travel time to work which can create challenges in terms of work-life balance, particularly for one-parent families. In the case of working people with a disability, it was argued that their employment would be facilitated if their entitlements were more easily portable when they change jobs.

It was also argued that making employment services available to qualified adults and people with disabilities would enhance participation. A case was made for a greater emphasis on a Public Employment Service, available to all, rather than the historic role of the employment office in ensuring that benefit recipients were complying the obligation to actively seek work.

## **Current income and poverty metrics**

The group considered whether the current income and poverty metrics were adequate to capturing living standards in Ireland.

It was noted that the current poverty indicators have shortcomings when it comes to capturing the capacity to participate in society with dignity. An alternative indicator, the Minimum Essential Standard of Living was designed to capture this capacity. It is based on a different metric – the cost of providing what is determined to be essential to participation, both in terms of basic needs (food, clothing, housing, children's needs) and social participation.

Given the high housing costs in Ireland, it was argued that a poverty indicator should be developed based on income after housing costs, similar to indicators in the UK.

It was noted that there is an advantage to having indicators that are comparable over time, so that change and progress can be tracked. However, it is not currently possible to get figures on a timely basis. In addition to figures on the overall poverty rate, it would be helpful to have more data on the persistence of poverty. Data on wealth and high incomes would be helpful in giving a complete picture of the income distribution.

Consideration should be given to impact of services. Where services are provided, these do not then need to be purchased by the household, allowing them to achieve a better standard of living on a given level of income.

It was noted that the situation of some groups, notably Travellers and the homeless, are not adequately captured by national surveys. These groups experience extreme levels of disadvantage but, because of their relatively small numbers, are not present in sufficient numbers in survey data to permit useful analysis of their circumstances.

The significance of access to technology and the internet is also a consideration. It has become the norm of apply for many services or to obtain information on the internet. This creates a barrier for people (including many older people) who do not have access to the internet.

## **Targeting of current supports**

The group considered whether current benefits were sufficiently targeted.

It was noted that a good example of the use of targeting was the increase in the Qualified Child allowance for children over 12, acknowledging the higher cost of providing for older children.

It was suggested that using receipt of an existing scheme to identify a group to be targeted for a different benefit may not be a good strategy. For instance, receipt of a fuel allowance would not be a good way to identify the 'energy poor' households.

Some refinement of eligibility requirements for certain benefits may be needed in order to ensure that vulnerable groups are included. For instance, a different hour's worked threshold may be appropriate for the Working Family Payment for one-parent and two-parent families.

There was general support for retention of the Child Benefit as a universal payment, with group members noting that about half of child benefit payments go to families that are in receipt of other social protection payments. One group member argued for consideration of targeting: if Child Benefit were not paid to high-earning families, for instance, the revenue might be redirected to improvements in childcare provision that would facilitate labour market participation.

## **Services and other interventions**

The group considered what other services or interventions might support further improvements in income and living conditions.

The balance between service provision and income support is something that required continuing consideration. The point was made that service provision requires a multi-department and multi-agency co-operation. Provision of services for economically vulnerable people, such as housing, childcare, services for older adults and for people with a disability, for instance, all come within the remit of other departments and agencies.

In the case of older people, it was noted that there appeared to be a rise in the demand for services rather than cash transfers. The point was also made that older people need to have more options and choices in terms of their work life, including working an increased number



of years or a reduced number of hours, depending on the nature of the work and their circumstances.

One group member argued that the poverty impact of climate events will be of increasing relevance. There was a need to promote resilience (e.g. facilitating flood defences) and remedy (financial assistance in the case of hardship). Private insurance has not been adequate and is sometimes not available.

## Conclusion

There was a general welcome for the improvements in income and living standards in recent years, while the group advised that the scale of the remaining challenges should not be underestimated. The uncertainty around Brexit, high housing costs, meeting the needs of an ageing population, and the need for a balance between services and income supports were identified as challenges. An emphasis on income supports historically, has resulted in a relatively undeveloped service sector in areas such as childcare, elder care and social housing. A multi-department and multi-agency approach is needed in order to develop the services needed for social inclusion and also to ensure that policy developments in other areas take account of the distributional impact of new measures.

Many suggestions were made about how labour market participation might be enhanced, including better dissemination of information on the schemes designed to facilitate the transition to work, provision of services that support employment (including child care, elder care, life-long learning), and flexible arrangements to facilitate participation of older adults and people with a disability as well as those involved in child care or home care.

While there was general (but not unanimous) support for the retention of Child Benefit as a universal payment, there was also praise for the targeting of a higher qualified child payment for older children. There was a discussion of other areas where targeting or thresholds might be finessed in order to improve outcomes.

While the value of the current income and poverty indicators was acknowledged, particularly when it came to tracking change over time, there was also a sense that additional indicators would be helpful. These included a measure of the income needed for someone to participate with dignity in society, indicators of persistent poverty, an indicator of poverty after housing costs, a measure capturing access to the internet. It was also noted that the national poverty indicators do not capture the circumstances of some groups (such as Travellers and the homeless) that experience high levels of deprivation but that are not represented in sufficient numbers in national surveys. The lag between the reference period covered by the statistics and their publication was also identified as an issue.



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