STRONGER TOGETHER
CONGRESS
Irish Congress of Trade Unions

Congress Budget 2021 Recommendations

No Going Back

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Foreword

The Irish Congress of Trade Unions (Congress) advocates for a radical progressive vision for Ireland's economy and society. In this pre-budget document, we outline a series of proposals for Budget 2021 and beyond that will start us on the journey to realising that progressive vision.

The Covid-19 pandemic has caused immense disruption to societies and their economies throughout the world. The great lockdown has also fundamentally changed the public's understanding of the relationship between the state, businesses and workers. It has brought the indispensability of basic services and the welfare state into sharp focus.

The enormous levels of state support given to the private sector highlights the fundamental reliance of business on the state. As during the Great Depression, we have discovered that the state is not only the income and liquidity provider of last resort – but is also the ultimate insurer and protector of last resort for the entire private sector.

The Irish economy is suffering one of its deepest recessions in centuries. Even so, we have the potential to make a strong recovery if the right policies are taken at Irish and at European Union levels, and if we are fortunate enough to avoid further surges in infections and the lockdowns that would follow.

Covid-19 may be the most immediate economic crisis but it is not the only one. We face a range of emerging challenges. These include Brexit; climate chaos and biodiversity loss; housing and homelessness; precarious work and inequality; an ageing population; a two-tier healthcare system, and a narrow-based industrial strategy.

A phased approach to budgetary policy

The immediate goal during the **support phase (2020 and early 2021)** of the crisis must be to preserve as much of our productive capacity as possible. The government should continue to act as the income and liquidity source of last resort for months after the economy can fully reopen, and then immediately reassume these responsibilities if and when there is a second lockdown.

The Temporary Wage Subsidy Scheme (TWSS) was a crucial bulwark that protected the economy from ruin and we welcome the introduction of the Employee Wage Subsidy Scheme (EWSS). Indeed, the EWSS should evolve into a permanently established German and Nordic-style short-time work scheme. We must also recognise the scale of debts incurred by many households, private businesses and public enterprises over this period and recognise the need for debt relief and state intervention where appropriate. The up-front once-off costs will be high but the alternative is a much weaker economy in the long-run.

Once the virus is in abeyance we can move to the **stimulus phase (2021 to 2023)** of the recovery. An investment based stimulus package should be announced as part of Budget 2021 and should continue for three years (2021 to 2023) on a declining annual basis.

While public deficits and debt will increase, it would nevertheless be wholly unacceptable and inappropriate to implement or pursue cutbacks. Austerity is not a credible option and enhanced levels of spending will need to continue for years to come. The stimulus phase should focus primarily on public investment. We propose that it should be in the order of €12 billion over a three-year period.

We should invest more in a wide range of different areas including in social and affordable housing, in clean and renewable energy, in retrofitting, and in public transport. In particular, Congress reiterates its call for a major, local authority-led public housing programme involving the construction of at least 10,000 new houses annually in order to ensure affordable and secure accommodation to everyone in society.

Now is the time to invest in our people, our public services, and our public infrastructure. For example, higher levels of investment are needed in primary healthcare, in childcare and education.

As it stands, we significantly under-invest in childcare and pre-school education and significantly under-invest in higher education and research. These policy mistakes mean that we are failing to achieve our potential as an economy and are creating barriers to labour market participation for some groups.

Finally, the **normalisation phase (post-2022)** will inevitably require revenue raising in order to gradually bring the public finances under control while simultaneously ensuring we have sufficient resources for public services and public infrastructure.

To bring us in line with other Western European countries we should move over the medium-term to gradually expand employer social contributions. In addition, we propose higher taxes on wealth and property (non-principal residences), on passive income, and on environmentally damaging activities.

Congress's pre-budget submission will help ensure that workers and their families are not left behind by the current crisis and are able to fully benefit from the eventual recovery.

There can be 'No Going Back'.

Patricia King

General Secretary, Irish Congress of Trade Unions

1. Economic Outlook and Congress Position

The response to the Covid-19 pandemic created a major and transformative shock to the global economy. The economic contraction has been exceptionally deep and swift and the shock will have profound and long-lasting social, economic and political implications.

In Ireland, as elsewhere, the measures taken to contain the virus have either interrupted or stopped entire sectors of economic activity. The long-lasting nature of the crisis and the potential for rolling lockdowns is likely to influence consumer behaviour, productive capacity and economic activity until such time as a vaccine is widely available.

The shutdown of business caused job losses on an unprecedented scale. The resulting uncertainty lead to a collapse in domestic demand and an increase in precautionary saving. Underlying domestic demand is likely to have fallen by close to 20% in the second quarter of 2020. The sectors most affected are those with a high degree of interpersonal proximity or face to face contact, notably tourism, the arts, and accommodation and food services. On the other hand, jobs that can be done from the home, such as many professional services, have been relatively protected.

The Irish economy is likely to contract by close to 10% in 2020, with consumption falling by a similar amount. The low point for activity was reached in April with economic activity already starting to recover as the various economic sectors are gradually reopened. Even so, we anticipate it will be towards the end of 2021 before economic activity returns to its end-2019 level. The road back to economic health will be precarious.

The outlook is characterised by an extremely high degree of uncertainty given the unknown future path of the virus and need for further containment measures, the unknown impact on productivity, and the unknown impact on individual and business behaviour. The recovery in the second half of this year is likely to be tentative and gradual. Unemployment will have peaked at close to 25% in the second quarter of this year and will still be well above 10% by year-end.

We anticipate that the economy will return to growth in 2021 and that unemployment will continue to decline. The high level of savings should partially reverse next year. This improvement is likely to occur even were there to be rolling lockdowns and a chaotic Brexit involving the UK moving to trading on WTO terms from next year. Even so, unemployment will remain elevated in 2021 and 2022 and the Covid adjusted rate will likely only fall below 10% around the first or second quarter of next year.

Sustainability of the Public Finances

The fall in incomes and reduced demand will place downward pressure on tax receipts. In addition, by year-end the government will have injected in excess of €10 billion into the economy in the form of additional health spending and income supports.

The enormous income supports provided by government are entirely appropriate and will have ameliorated the damage that would otherwise have been done to the economy's productive capacity, to businesses and to household incomes. Similarly, the billions in indirect supports to business will help to prevent business closures and job losses in the second half of this year. Overall, the package of supports will buttress the economy's potential output and will pay for itself in the long-run.

The deficit will be close to €30 billion this year, or approximately 9% of GDP or 16% of GNI*. It will then fall to roughly half that amount in 2021. Despite these very large deficits, our view is that it is highly unlikely that bond market conditions will become less favourable to Ireland given the European Central Bank's expressed willingness to 'do whatever it takes' to support euro area member states.

In addition, the average interest rate on Irish debt was just 2.2% in 2019, and recent debt issuances have been attracting even lower interest rates. Interest expenditure will be close to €4 billion in 2020 and down from over €6 billion in 2016. A cumulative increase in the debt of €40 billion to €45 billion over the 2020-2021 period will only add around half a billion to annual interest expenditure. There is as yet no evidence of the debt burden becoming unsustainable.

Finally, Ireland's very high deficits of 2020 and 2021 will be replicated in almost all other advanced economies. In this context, there is no reason to suppose that Ireland would be singled out by bond markets. This means the Irish government will have the ability to invest in rebuilding the economy.

Medium-term reforms

While there is little short-run danger to the sustainability of the public finances, eventually public spending and revenue raising will have to become much more closely aligned. Are higher levels of spending sustainable in the medium-term? To adequately answer this question, we must first briefly assess whether Ireland has high or low levels of taxation relative to other EU countries.

GDP based comparisons are unhelpful. Table 1, which is taken from an NERI report (NERI, 2020), shows that cumulative taxes and social security contributions (SSCs) in Ireland (% of GNI* basis) are below that of the EU average (% of GDP basis). In 2018 the gap was equivalent to €6 billion on an annual basis. This suggests there is significant scope to increase government revenue over the medium-term.

Table 1: Aggregate Taxes and Social Contributions as a percentage of national output (GDP)

All	2008	2013	2018
EU	38.4	39.8	40.2
Ireland	29.0	28.8	22.6
Ireland (GNI*)	34.7	37.8	37.1
Consumption			
EU	10.6	11.1	11.2
Ireland (GNI*)	12.6	12.9	11.5
Capital			
EU	8.0	7.9	8.2
Ireland (GNI*)	8.6	8.0	9.8
All Labour			
EU	19.7	20.8	20.8
Ireland (GNI*)	13.5	16.9	15.9
Labour (paid by employers)			
EU-27	8.2	8.5	8.3
Ireland (GNI*)	4.1	4.1	4.3

Source: European Commission Data on Taxation; NERI Working Paper 67

Table 1 and Table 2 show that taxes on consumption are already relatively high in Ireland.[1] The evidence shows that consumption taxes on necessities are generally regressive meaning that these taxes fall disproportionately on lower income households. There may be limited scope to introduce net increases on consumption taxes in a manner consistent with progressivity unless the increases are restricted to luxury goods.

One option is to combine a reform that increases taxes on environmentally damaging activities with equivalent value (tax yield) reductions on other consumption items. It's also worth noting that increasing taxes on consumption in order to expand universal basic services could, if properly designed, generate progressive and growth enhancing outcomes.

Table 1 and Table 2 offer a more nuanced picture for taxes on capital. Table 1 suggests that receipts from taxes on capital are high – this is on account of elevated receipts from corporation tax – taxes on property (and capital stocks) are comparatively low. On the other hand, Table 2 suggests that effective (implicit) taxes on capital are relatively low. Research from the OECD shows that taxes on capital stocks (wealth) and property are the least damaging taxes vis-à-vis economic growth. In addition, these taxes are generally progressive.

Table 2: Implicit Tax Rates (aggregate effective tax rates by type of activity)

		2008	2013	2018	2018
Consumption					
EU		16.3	16.6	17.3	
Ireland		19.2	19.3	19.6	
Capital					
EU		22.3	22.6	23.1	
Ireland		21.7	14.8	14.7	
Labour					
EU		37.3	38.0	38.2	
	Employee				21.1
	Employer				17.1
Ireland		25.6	32.1	32.9	
	Employee				24.1
	Employer				8.8

Source: European Commission Data on Taxation; NERI Working Paper 67

[1] The implicit tax rate is the tax yield divided by the tax base. We can think of it as an economy-wide average effective tax rate on a particular type of economic activity (consumption, labour income or capital income).

Our view is that these forms of taxation (Local Property Tax on non-principal residences, Capital Taxation, Net Wealth Tax) offer the most promising 'low hanging fruit' for increasing revenue without negating economic growth in the short term.

However, the short term scope for increasing revenue from these areas is in the order of 1% of GNI*. Thus, while eminently justified from an economic perspective such reforms would only form a modest component of restoring the public finances to a sustainable path.

Table 1 and Table 2 both show that combined taxes and social security contributions (SSCs) from labour income are relatively low by EU standards. Specifically, Table 1 shows that SSCs from employers account for the entirety of the nominal gap between Ireland and the EU average. Table 2 illustrates that while implicit taxes on labour income are low, combined taxes/SSCs paid by employees are *not* low when considered in aggregate across the economy.

The 'hole' in labour taxes is the relative absence of employer payments. Income from self-employment is another area that is taxed relatively lightly in Ireland.

Thus, by far the greatest scope to increase government revenue (in the sense of exploiting areas of relative under taxation) is via increases in employer PRSI. However, taxes/SSCs on labour income should not be increased at the height of a recession as this will exacerbate the severity and duration of the downturn. As such, the major bulk of reforms in this area are better timed for after the early stimulus phase i.e. post 2022, although there is some scope to begin the process of reforms in 2021

A final point to note in relation to medium-term fiscal policy is that Ireland had low levels of public spending compared to Western European norms in 2018. Per capita public spending in Ireland was under €16,000 (excluding interest), or €2,000 less than the comparator average[2]. The large gap suggests that public spending increases should be prioritised over tax cuts during the 2021-22 stimulus phase and that any post-2022 budgetary tightening should focus on increasing revenue instead of lowering public spending increases.

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[2] The comparator group is the set of 10 high-income EU countries (as of 2018) with a GDP per capita of at least €30,000 and population of at least 1 million.

Furthermore, additional public spending is required each year merely to account for 'stand-still' costs related to changing prices and changing demographics such as ageing and population growth. For example, the Irish Fiscal Advisory Council (IFAC)[3] estimate that such costs amount to €1.5 billion in 2020.

Congress has repeatedly pointed out that the low level of spending in Ireland has significant negative implications for the future provision and quality of public services and infrastructure, and has similarly negative implications for the future sufficiency of welfare payments given the increasing demands of an ageing population.

Congress's position is that the level of public spending is manifestly inadequate when set within the context of the ongoing crises in housing and health, the cost of early years care and education, the chronic per-pupil underfunding of education, the underfunding of public transport, and the need for an investment stimulus to boost demand and restore jobs.

Broad proposals

The main element of Budget 2021 should be a three-year €12 billion economic stimulus based primarily on public investment but including funds for re-skilling workers, apprenticeships and higher education.

Over the medium term there will need to be significant reforms on the revenue-side in order for us to address the chronic underfunding of public services and in order to implement the transition to a zero-carbon economy.

Congress is proposing a number of measures on the revenue side.

- Reforms to capital taxation and to the system of tax expenditures should begin in 2021. Specifically, Congress propose the introduction of a net wealth tax, greater tax contributions from inherited wealth, reforms to the Local Property Tax on non-principal residences, as well as a review of the system of tax expenditures to eliminate unjustified or overgenerous measures.

[3] Irish Fiscal Advisory Council (2018): Stand-still Scenario, May 2018.

- Reforms to social insurance benefits should start in 2021 with annual increases in employer and self-employed PRSI.
- There should be increases to excises on pollution (e.g. diesel, cars, packaging and single-use plastics) as well as on other 'bads' including tobacco and betting.[4]

In addition, Congress is proposing a series of new spending commitments. This additional spending should prioritise:

a) Rebuilding our collective economic and social infrastructure via higher levels of spending on collective early years care, on education, on health, on public transport, on water, and on public housing services;

b) Moving the economy towards a zero-carbon future consistent with the principles of a 'just transition';

c) Raising the 'social wage' to workers in the form of improved social insurance benefits and;

d) Poverty proofing and inflation proofing all social protection payments.

[4] For example, the Department of Finance pre-general election costings estimated that raising betting duty from 2% to 3% could raise €50 million and that a 50c increase in tobacco products tax per pack of 20 cigarettes, with a 50% increase in 'roll-your-own' (RYOs), would yield an estimated €57.8 in a full year. Each 1c increase in excise tax on diesel could raise €29 million according to the 2019 Tax Strategy Group papers.

Table 3: Congress Proposals for Budget 2021, €billion (indicative)

Revenue	(€)	Expenditure	(€)
Total	**848**	**Total (not counting investment stimulus)**	**2,880**
Introduce tax on **packaging** and **single-use plastics**	10	Funding for provision of A rated **social and affordable housing** (1st year)	800
Introduce a tax on **net wealth**	375	**Health:** Implementation of health reforms, increase investment in primary and community health, and to implement Sláintecare	600
Reforms to **Capital Taxation** and to the system of **Tax Expenditures**	100	**Climate Emergency and Just Transition** (1st year**):** greater funding for retrofitting; public transport; water, R&D/innovation funds for green technology, and funds to support workers transitioning to a low carbon economy	500
Raise **on-line betting tax**	50	**Education/children:** Increase social investment in early years care and education (ECCE) and in education	500
Raise Excise tax on **tobacco**	50	Increase **Overseas Development Aid**	120
Raise Excise tax on **diesel**	174	Offset the loss of the **transition pension**	25
Reintroduce tax relief for **trade union subscriptions**	-25	Increase **social welfare payments**, including reform of eligibility thresholds for the Working Family Payment (formerly Family Income Supplement).	335
Raise **VRT** and **motor Tax** on the most environmentally damaging cars	50		
Abolish the Special Assignee Relief Programme (**SARP**)	20		
Increase **LPT** on non-principal residences by €100	24		
		Year 1 Investment Stimulus (once-off)	5500
		Year 2 Investment stimulus (once-off)	4000
		Year 3 Investment Stimulus (once-off)	2500

2. Supporting Workers and households

Introduction – incomes, poverty and equality before Covid-19

By the end of 2019, average weekly wages were 7.9% up on the same quarter in 2008 in real terms, with this increase skewed in favour of those at the higher end of the skill and wage spectrum (e.g. *Managers, professionals* and *associated professionals).* Average weekly earnings were still down in several sectors associated with public sector employment (e.g. *Education, Human Health* and *Public Administration*), including by 9.8% in real terms for low-skilled public sector workers between 2010 and 2019 (Nugent, 2020). Furthermore, Ireland had one of the highest rates of low pay in the EU in 2019 and state expenditure on the Working Family Payment, which is paid to low wage earners with children, amounted to more than €1.2 billion between 2016 and 2018 (DEASP, August 2019).

It is obvious to all that Covid-19 has had an unprecedented impact on all aspects of society over the course of 2020, including on employment, incomes and sense of security, both personal and collective.

The following sections set out ICTU's proposals to get people back to work and to put in place a fairer and more secure social contract than existed prior to Covid-19.

Some of these measures can only be achieved over a number of years but progress towards all of them can and should start now.

Transform the Employment Wage Subsidy Scheme into a real Short-Time Work Scheme

The introduction of the Temporary Wage Subsidy Scheme (TWSS) in response to Covid-19, as proposed by ICTU in early March, has served to mitigate the impact of Covid-19 on employment. By early July, over 567,600 employees have received a subsidy since the start of the scheme, which continued until the end of August. The extension of the scheme in the form of an Employment Wage Subsidy Scheme (EWSS) is welcome. However, this only runs to the end of March 2021.

The Programme for Government now commits to 'set out a pathway for the future implementation of the Wage Subsidy'.

Our view is that the EWSS should be transformed into a genuine short-time work scheme modelled on the most effective short-time work schemes in place in other European countries, particularly Germany and the Nordic countries.

While Ireland has operated ‘systematic short-time working’ (retitled short-time work support in early 2020) for a number of years, the arrangements in place in Ireland cannot be compared to the type of schemes in place in many other European countries. The Central Bank has pointed out that short-time working in Ireland is ‘effectively a partial social transfer administered by the unemployment benefit system’, and contrasts Ireland’s system with the schemes in continental European countries which ‘tend to be entirely separate from the unemployment benefit system’ and which are subject to ‘stringent rules and conditions’ (Lydon, Matha and Millard, 2018:14).

The OECD has now recommended that firms taking part in short-time work be required to bear part of the costs of short-time work schemes, depending on the continued impact of containment measures (OECD, 2020:84). It points out that the wage subsidy scheme operating in the Netherlands is similar to short-time work schemes in that while workers continue to receive 100% of their earnings, employers are not fully compensated for the loss in revenue.

This has not happened under the TWSS. That scheme merely required participating firms to make ‘best efforts’ to pay wages to employees in addition to the subsidy received.[5] As the Department of Employment Affairs and Social Protection has distinguished between sectors that are ‘severely’, ‘most’ or ‘worst’ affected and sectors that are ‘moderately’, ‘mildly’ or ‘less’ affected (DEASP, 2020), there would appear to be scope to improve the payment of wages, particularly by larger firms in sectors that are less affected by Covid-19. This would also support domestic demand to a greater extent than is done at present.

The OECD also recommends that state support should be time-bound, but that ‘limits on their maximum duration should not be set in stone’, and that participating workers be able to take

[5] Revenue statistics (2 July 2020) indicate that between 85%-88% of TWSS employees were being paid wages by employers in addition to the subsidy over June. It is not clear however how much of outstanding wages were actually being paid. For example, Revenue estimates that around 45% of TWSS employees being paid wages in June were paid between €1-€100.

part in training as well as in the support services provided by Public Employment Services (e.g. job search assistance, career guidance and training).

Crucially, the OECD has also drawn attention to the key role played by collective bargaining in ensuring the effectiveness of short-time work schemes (OECD, 2020:55). It points out that in Denmark, Norway and Sweden and Austria, short-time work schemes used during the COVID-19 crisis derive their main features from national-level collective agreements, while implementation in the Nordic countries is left to company-level agreements and that in Germany, sectoral agreements have been key to raising replacement rates above statutory allowances, (e.g. 90% replacement rate in fast food restaurants, 80-97% in metalworking, 100% in the film industry).

Such a genuine Short-time work scheme could, as ICTU has been proposing since early 2019, help mitigate the impact of Brexit, particularly if the transition phase ending on 31 December 2020 expires without agreement on the future EU-UK relationship (see below).

Recommendation: Transform the Employment Wage Subsidy Scheme into a genuine Short-Time Work Scheme that is tailored to meet the needs of individual firms and their workers and sectors through collective agreements.

Start the transformation of the Minimum Wage into a Living Wage

The Programme for Government states that it is the ambition of the government is to provide each citizen with 'a living wage', and includes a commitment to 'progress to a living wage over the lifetime of the Government' (p.74).

The Living Wage Technical Group estimated the Living Wage at €12.30 an hour in July 2019 (for a single adult with no dependents working fulltime).

Since 1 February 2020, the National Minimum Wage (NMW) has stood at €10.10 an hour (for a single adult worker aged 20 and over). This equates to 82% of the recommended Living Wage.

Approximately 6.4% of employees for whom earnings data was reported earned the National Minimum Wage (NMW) or less in the last quarter of 2019 (CSO, 29 April 2020). 54% of those were female and 46% were male.

Following on from commitments in the European Commission President's 'Political Guidelines' for the 2019-2024 Commission, (von der Leyen, July 2019)[6], the European Commission's 2020 work programme commits to proposing EU legislation on 'fair minimum wages for workers in the EU' in the last quarter of 2020. This proposal will have to be adopted by EU governments and by MEPs.

The European Commission estimates Ireland's NMW in 2018 at less than 50% of gross median wage of a full-time worker and at 40% of the gross average wage of a full-time worker. ICTU supports the European Trade Union Congress (ETUC) position that this legislation should establish that statutory national minimum wages must not fall below a threshold of both 60% of the full-time gross national median wage and 50% of the full-time national gross average wage. ICTU calls on the Government and all Irish MEPs to support this position.

Recommendation: Begin the process of aligning the National Minimum Wage with the Living Wage, in anticipation of EU Fair Minimum Wages legislation.

Strengthen the social wage and guarantee social security

The Programme for Government commits (p.74) to "giving consideration to increasing all classes of PRSI over time to replenish the Social Insurance Fund to help pay for measures and changes to be agreed including, inter alia, to the state pension system, improvements to short-term sick pay benefits, parental leave benefits, pay-related jobseekers benefit and treatment benefits (medical, dental, optical, hearing)."

One of the principal shortfalls in the level of revenue raised in Ireland compared to peer European countries is in employers' social security contributions (Goldrick-Kelly, Mac Flynn & McDonnell, 2020). The Low Pay Commission has also estimated employers' social security contributions at 3.7% of modified GNI*, putting Ireland in 25th place out of the EU-28 for employers' social security contributions[7] (Low Pay Commission, 2019).

[6] 'I will propose a legal instrument to ensure that every worker in our Union has a fair minimum wage. This should allow for a decent living wherever they work. Minimum wages should be set according to national traditions, through collective agreements or legal provisions' – Ursula von der Leyen, July 2019.

[7] EU rankings are as a percentage of GDP. The Low Pay Commission used modified GNI* in view of the limitations of GDP as an indicator for Ireland.

The European Commission and the OECD stated early in 2020 that Ireland's system of social transfers plays an important role in reducing poverty in Ireland (European Commission, 2020:44, OECD, 2020:95).

However, even before the onset of Covid-19, 40% of Irish respondents said in November 2019 that 'health and social security' was one of the two most important issues facing Ireland, according to the most recent Eurobarometer survey of public opinion. This was the fifth highest level of respondents identifying this concern among the EU-28 and was almost twice the EU-28 average of 22% for this concern (European Commission, 2019b: Question A3bd).

Ireland's system of social transfers has changed dramatically since the onset of Covid-19. In particular, the decision to introduce and then raise the Pandemic Unemployment Payment from its initial rate of €203 to €350 a week (which is still below the recommended living wage level[8]), and to introduce the Temporary Wage Subsidy Scheme, raises questions as to how effective Ireland's system really was.

At its peak, approximately 1.2 million people were in receipt of some form of income support – some 600,000 via the pandemic unemployment payment (PUP); 400,000 via the temporary wage subsidy scheme (TWSS) and 200,000 via the Live Register. These income supporting policies have also served to limit the fall in domestic demand, as tacitly acknowledged by the Central Bank (Central Bank of Ireland, 2020: 53). Equally, the decision to reduce some of these payments from early July, such as the PUP for workers who had been earning less than €200 a week gross, including under-employed part-time workers, will negatively affect domestic demand.

These responses to Covid-19 revealed fundamental flaws in Ireland's system and what the solutions are, including for similar challenges confronting the labour market arising from decarbonisation, digitalisation, and demographic change. In particular, if workers are asked to give up their work and livelihood for the greater good, then they have to have social security until they can find commensurate employment. In this context, Congress also

[8] The recommended Living Wage for an adult working full-time for 39 hours a week would provide a gross annual income of €20,482.80. The PUP, if continued over a full year, would provide an income of €18,200.

propose that the waiting days for Illness Benefit be returned to 3 days (pre-troika) from the current 6 waiting days.

The Programme for Government commits to establishing a Commission on Welfare and Taxation. Included in its mandate is to 'review all existing tax measures and expenditures and have regard to the taxation practices in other similar-sized open economies in the OECD.' However, no timetable is set out as to when this Commission will be established or when it will report.

Given that the last Commission on Taxation commenced its work in March 2008 and produced a final report by September 2009, ICTU believes that the Commission on Welfare and Taxation, which should have a balanced and fair representation of different economic interests, should be established in Autumn 2020 and should aim, in the first instance, to producing a report by June 2021 on the funding of the Social Insurance Fund, paying particular regard to the elimination of the shortfall between employers' social security contributions in Ireland with those in peer European countries. This report should then be considered by the Labour-Employer Economic Forum, before Budget 2022.

Recommendation: Establish the Commission on Welfare and Taxation in September 2020 and have it report by June 2021 on raising employers' social security contributions to peer European countries' norms and have the Labour Employer Economic Forum consider this report in time for Budget 2022.

Protect the Social Insurance Fund and tackle bogus self-employment

Successive governments over recent years have extended social protection measures to the self-employed.

However, these measures have not been accompanied by equivalent steps to raise social security contributions from the self-employed. The Department of Employment Affairs and Social Protection has previously acknowledged that the effective rate of social insurance paid in respect of self-employed persons is just 28% of that paid in respect of other workers, and just 24% of what is required to cover pension entitlements alone (DEASP, 2018) while the OECD has more recently pointed out that the self-employed now have access to 93% of the PRSI benefits in value terms but that their average effective contribution rate is around 3.7%, well below the 13% for dependent employees (when both the employee contribution and the 8.8%-11.05% employer contribution are taken into account) (OECD, 2020:99). The OECD has also warned that gaps in the coverage of social protection regulations between dependent employees and self-employed workers can distort choices around the form of employment and erode the social protection base (OECD, 2020:61).[9]

Under the EU Recommendation on Access to Social protection for Workers and the Self-employed, adopted in November 2019, Ireland is committed to providing adequate social protection to all workers and self-employed persons, whilst 'preserving the sustainability of the [social protection] system and implementing safeguards to avoid abuse' (Council, November 2019). The Recommendation commits Ireland to submitting 'a plan setting out the corresponding measures to be taken at national level by 15 May 2021.' It also provides that the government 'may involve stakeholders, including the social partners, in the design of reforms.'[10]

The Government should task the Labour-Employer Economic Forum with examining implementation of the 2019 Recommendation by 15 March 2021 at the latest, i.e. two months before its sets out Ireland's implementation plan by 15 May 2021, particularly with regard to the issue of social security contributions by the self-employed.

Recommendation: Task the Labour-Employer Economic Forum with examining implementation of the 2019 EU Recommendation on access to social protection for workers and the self-employed by 15 March 2021.

Protect pensions

The decision to increase the pension age from 66 to 67 in 2021 and to 68 in 2028 means that the Ireland, which currently has the youngest population in Europe, is on course to have the highest pension age in the world in eight years.

[9] The 2020 programme for government further commits to equalising the Earned Income Tax Credit (Self-employed) with the employee tax credit, and to considering proposals to 'ameliorate…over time as resources allow' the 3% USC surcharge applied to self-employed income.

[10] Article 20 also states that the Commission should 'review the progress made in the implementation of this Recommendation, also taking into account the impact on SMEs, in cooperation with the Member States and after consulting the stakeholders concerned, and report to the Council by 15 November 2022. On the basis of the results of the review, the Commission may consider making further proposals.'

It is going too far too fast and is an attack on the living standards of workers in their later years that will push many into poverty. Each year of increase costs workers €13,000, as well as secondary benefits such as free travel and the fuel allowance. ICTU has repeatedly called on the Government to reverse this decision and engage with unions to address the challenges posed by population ageing.

The Programme for Government now states that 65-year olds who are required to or chose to retire early can receive an 'Early Retirement Allowance or Pension' at the same rate as jobseekers benefit without a requirement to sign on, partake in any activation measures or be available for and genuinely seeking work. It also commits to establish a Commission on Pensions to examine sustainability and eligibility and to report by June 2021 and that pending this report, the planned increase in the State pension age will be deferred.

Recommendation: Reverse the decision to extend the pension age. Poverty-proof and inflation proof the state pension. Ensure that trade unions are adequately represented on the Commission on Pensions.

Reinstatement of 2001-11 scheme in respect of trade union subscriptions

ICTU has previously called for the restoration of the scheme in place between 2001 and 2011 that reduced tax to workers who are members of a trade union, which at its peak, this scheme cost approximately €27 million annually. As McDonnell (2019) points out: some of the best performing EU countries in terms of unemployment have strong union influence and there is evidence that collective bargaining is associated with lower market inequality

The re-instatement of this scheme would end the discriminatory treatment of trade union members compared to members of professional bodies, of expenses incurred by the self-employed, and even of subscriptions to specialist publications.

Reinstatement would also bring Ireland into line with other European countries. For example, the OECD has pointed out that Norway subsidises union membership through tax breaks and that an increase in the level of subsidy, from 7% of the average membership fee in 2001 to 21% in 2012, supported trade union membership. Other examples are Sweden which reintroduced a subsidy that had been abolished in 2007 and Finland where employer confederation fees and trade union membership are tax-deductible (OECD, 2019:129).

It is likely that the cost of reinstating this measure now would be less than its previous cost at peak.

Recommendation: Reinstate the scheme in place between 2001 and 2011 in respect of trade union subscriptions.

Retain the flat-rate expense regime

ICTU had been calling since 2018 for the retention of the flat-rate expense regime, which Revenue had been seeking to effectively dismantle, with effect from January 2020.

In late 2019 however, Revenue announced its decision to defer the implementation of any planned changed to this regime until 1 January 2021 'to allow time, as part of the annual Tax Strategy Group process, for the examination of a number of policy matters that were raised during Revenue's review [of this scheme].[11]

Recommendation: The regime should be retained in its current form after 1 January 2021

Introduce conditions for business in receipt of state support

The Parliamentary Budget Office (PBO) estimated that prior to the July stimulus the 'headline valuation' of the package of supports for businesses affected by Covid-19 at €6.5 billion, but said that the cost to the Exchequer was considerably less as 'the costs borne by the Exchequer are intended to incentivise the private sector to provide additional liquidity to enterprise'. It put the total costs (in terms of direct expenditure and guarantees) of the supports at approximately €795 million, but stressed that these estimates are provisional and subject to change (PBO, 9 June 2020).

The July stimulus added a further €1 billion of taxation measures to directly support businesses, as well as €2 billion in credit guarantees. In addition, there was a further €1 billion of business supports in the form of expanded restart grants, commercial rates waivers and liquidity and enterprise investment measures (Department of the Taoiseach, 2020).

These supports come on top of the pre-existing extensive range of government supports to business. The Department of Business, Enterprise and Innovation's 55-page *Overview of*

[11] Minister for Finance's answer to Dail written question no.2868/20, 5 March 2020.

Government Support for Indigenous Business (DBEI, 2019) outlines the range of supports that are available to business, but does not provide an estimate of their cost. [12]

Government support for businesses affected by Covid-19 currently does not come with any conditions. This is in contrast to the approach taken in some other European countries. For example, both Denmark and France are excluding support to businesses that are domiciled in a jurisdiction on the EU blacklist of 'non-cooperative' tax jurisdictions,[13] to large firms that pay dividends or buy back their own shares until 2021.

Similar conditionality has been proposed at EU level. For example, the European Central Bank recommended that significant credit institutions not pay dividends or buy back shares during the pandemic until at least October 2020 (ECB, 27 March 2020), while the European Insurance and Occupational Pensions Authority (EIOPA) has called on insurance companies to suspend dividends, share buybacks and bonuses in the wake of the pandemic (EIOPA, April 2020).

The European Parliament has also called on the EU and governments to ensure 'that public financial support provided to firms in order to combat the economic effects of COVID-19 is conditional upon the funding being used to benefit employees and the recipient firms refraining from bonuses to the management, tax evasion, paying out dividends or offering share buy-back schemes for as long as they receive such support' (European Parliament, April 2020). The European Parliament is also calling on financial assistance provided through the new €100 billion SURE programme ('Support to Mitigate Unemployment Risks in an Emergency') which is intended to finance national short-time work schemes and similar measures, only to go to businesses that respect applicable collective agreements, that refrain from making share buy-backs or paying dividends to shareholders and bonuses to executives, and that are not registered in tax havens (European Parliament, July 2020).

[12] It should be noted that the European Commission's State Aid Scoreboard 2019 estimates that Ireland spent approximately €6.3 billion in (non-agricultural) state aid to business between 2009 and 2018. This does not include 'general measures that do not favour certain enterprises or sectors, and public subsidies that do not affect trade or distort competition [in the EU internal market].

[13] See https://ec.europa.eu/taxation_customs/tax-common-eu-list_en

Even *The Financial Times* has argued that corporate bailouts should come with strings, such as a moratorium on dividend payments and share buybacks and curbs on excessive executive pay[14] (*The Financial Times*, April 28 2020).

Recommendation:

Ensure that state support to firms affected by Covid-19 does not go to firms that are registered or that have subsidiaries that is in a jurisdiction listed on the EU blacklist of non-cooperative tax jurisdictions, that are paying dividends or excessive pay or bonuses to executives or that are engaging in share buy-backs.

All business support measures should be linked to trade union access and recognition and full and active participation in the state's industrial relations machinery, as well as commitments to provide decent work and decent

Tackle tax avoidance

The European Commission has been warning for a number of years that Ireland's tax rules are being used for aggressive tax planning.[15] It has concluded that Ireland has made limited progress over recent years in tackling this problem. Its country report Ireland 2020 stated that Eurostat data indicated that outgoing royalty payments from Ireland in 2018 were high, representing 22% of Ireland's GDP, and that 45% of these were paid to 'Offshore Financial Centres' (OFCs)[16], and that 71% of net dividend payments were paid to OFCs in 2017. It warned that the current limited application of withholding tax on royalty and dividend payments from Ireland may lead to these payments being taxed at a very low rate or escaping tax altogether if they are channelled to a low or no tax jurisdiction.[17]

[14] See ICTU (2019) Because we're worth it – the truth about CEO pay in Ireland

[15] It defines this reduction of a tax liability 'through arrangements that may be legal but are in contradiction with the intent of the law'. (European Commission, 2020c)

[16] The EU's current OFCs list contains 40 countries and territories, including Andorra, Gurnsey, Gibraltar, the Isle of Man, Jersey, Liechtenstein in Europe in Europe. See Appendix 7 of Eurostat's Balance of Payment Vademecum.

[17] The Commission's country report Ireland 2019 stated that the withholding tax on royalties only applies to patents and that there were exemptions to this tax on patents and that there were a broad range of exemptions of outbound withholding taxes on dividend payments (European Commission, 2019).

The Commission has elsewhere warned that high flows to OFCS may be an indication of tax avoidance 'as these jurisdictions are likely to be used in ATP schemes' and that 'when transparency on financial activities is low, there is a risk that criminals may use OFCs for money laundering purposes.' (European Commission, 2020c).

The EU's draft country specific recommendations to Ireland for 2020-2021 now urge the government to:

> 'Broaden the tax base. Step up action to address features of the tax system that facilitate aggressive tax planning, including on outbound payments. Ensure effective supervision and enforcement of the anti-money laundering framework as regards professionals providing trust and company services.' (European Commission, 2020b).

Recommendation: Broaden the tax base and tackle aggressive tax planning, including by extending withholding tax on royalties and reducing exemptions of this tax, and by reducing exemptions of outbound withholding taxes on dividend payments.

Mitigate the impact of Brexit on jobs and protect labour standards

The focus on Covid-19 over 2020 has diverted attention from the risks posed by the United Kingdom's decision to formally leave the European Union on 31 January 2020, and by the expiry of the transition period on 31 December 2020 without agreement on the future EU-UK relationship in place.

ICTU remains deeply concerned about the implications of such an outcome for employment and for labour standards in Ireland, north and south.

In order to try to mitigate the impact of Brexit on employment, ICTU has previously proposed the introduction of a genuine short-time work (STW) scheme and a Brexit Adjustment Assistance Fund to support the jobs of workers most at risk from Brexit as well as the extension of the scope of the European Globalisation Adjustment Fund (EGAF) to workers who may be made redundant because of Brexit.

As discussed above, the transformation of the Temporary Wage Subsidy Scheme into a genuine Short-Time Work Scheme that is open to firms affected by Brexit could help to mitigate the impact.

With regard to the European Globalisation Adjustment Fund, in October 2019, the EU adopted a regulation (2019/1796) that extended the scope of the EGAF to workers made redundant *in the event* of a no-deal Brexit, i.e. without a withdrawal agreement. This regulation however was not activated since the UK left the EU in January 2020 on the basis of a withdrawal agreement. The EU should return to this issue by ensuring that workers made redundant in the event of the expiry of the transition period on 31 December 2020 without agreement on the future EU-UK relationship.

We note the commitment in the programme for government 2020 to 'strong level playing field provisions, including robust environmental and labour standards'. These provisions must be guaranteed through effective dispute settlement and enforcement mechanisms that include the possibility of imposing sanctions.

Recommendation: transform the wage subsidy scheme into a genuine short-time work scheme to support the jobs of workers at risk of Brexit; introduce a Brexit Adjustment Assistance Fund to support workers at risk of Brexit; enable the European Globalisation Adjustment Fund to support workers made redundant because of Brexit. Ensure that the level-playing field provisions in any agreement on the future EU-UK relationship contain effective dispute settlement and enforcement mechanisms, including sanctions.

Invest in housing

Affordable, secure and high-quality housing is pivotal for life chances. Ireland's housing system however fails many people, particularly young people, people on low to middle incomes, workers in precarious forms of work and the vulnerable. Rather than a right, housing is treated as a luxury that has come to be dominated by speculative builds and widespread financialisation in many linked housing sub-markets.

Whereas previously many individuals could avail of public housing provided by local authorities, housing has become increasingly sourced on the private rental market. Where the state intervenes to support affordable housing, the system is dominated by private provision supported by costly state subsidies. Tenants experience the most acute issues of affordability and face the most precarious living situations, a fact recently highlighted by the COVID-19 crisis.

The EU's draft country specific recommendations to Ireland for 2020/2021 point out that housing completions still fall short of demand, that housing affordability is a problem for many households and that inflation in the rental sector is persistently high, that improved infrastructure, combined with spatial planning, could be a 'critical enabler for improving housing supply,' and that 'further efforts are needed to cover the needs of remaining households on the current waiting list and of potential new applicants'. Country Specific Recommendation 2 to Ireland includes the specific recommendation to 'increase the provision of social and affordable housing.' (European Commission 2020b).

The state needs to decisively intervene to address issues of housing supply and demand.

In the short term, the Covid-19 pandemic provisions controlling rents and limiting evictions should be extended.

The ongoing failures in the provision of housing – an essential public service – points to the need for a major public house building programme on public land undertaken through public agencies. Public authorities should build viable and attractive public housing, and prevent the loss or degradation of public assets through public land sales/grants or right to buy provisions.

The public sector should re-enter the housing system as a major player in housing provision through traditional channels as well as through new schemes such as the cost-rental model, learning from European best practice in places like Vienna. Cost rental accommodation should be universally available to all. A programme of investment in new builds, green retrofits, and amenities to build sustainable communities, is essential to meet needs and spur national recovery projects as we restart the economy.

Private rental tenancies should be reformed as proposed by the National Economic and Social Council to achieve a secure occupancy regime to construct a viable tenure option.

Tax instruments can target unearned windfall gains accruing to landowners and raise revenues from site values to encourage the productive use of land. The Government needs to go beyond the commitment in the Programme for Government to 'strengthen enforcement of the Vacant Site Levy and the keep the legislation under review.'[18]

Tackling bogus self-employment and precarious work in the sector is also essential if the construction sector is to become an attractive choice for workers. There should be an automatic presumption of employee status – every worker should be automatically classified as an employee (unless it can be proven otherwise). Government should legislate to improve these working conditions, collect needed revenues where workers are misclassified (see above), and give effect to labour clauses in public procurement legislation.

It is ICTU's firm view that the housing crisis requires the amendment of the Constitution to insert a right to adequate, safe, secure and affordable housing. Such a provision would provide a basic floor of protection and, crucially, would oblige all levels of government, including local authorities, to progressively realise that right.

The Government should progress the commitment in the Programme for Government to hold a referendum on housing as soon as possible.

Recommendations: Decisively resolve the housing crisis through a massive programme of public housing construction on public land, and undertaken on the basis of cost rental principles. Legislate for a right to an adequate, secure home that is affordable. Improve tenant rights and control rents.

Invest in health

Ireland is the only country in Western Europe without universal access to primary health care. More than 50% of the population have to pay the full costs out of pocket to visit a general practitioner.

The European Commission had warned prior to the outbreak of Covid-19 that Ireland's 'two-tier health system, where those with the ability to pay for treatment privately get faster

[18] The Minister for Housing has indicated that there 359 vacant sites listed on local authority registers as of 31 October 2019 and that these sites had a market valuation of €144.5m, and were liable to the levy at a rate of 3% in 2019, indicating estimated levy proceeds due of €4.4 million. Answer to Dail written question nos. 1196. 1210, and 1211/2020, 3 June 2020.

access to care, including in public facilities, combined with inappropriate use of some hospital resources and the lack of universal primary care, contribute to long waiting times for patients in the public health system.' (Commission, 2020:48). The OECD had also pointed around the same time that as a result of the non-universal coverage as well as the long waiting times, unmet needs for medical care in Ireland are above the EU average, with 2.8% of adults in Ireland foregoing medical care in 2017 due to costs, long waiting times, or distance, and people on low incomes encountering greater barriers to access health services (4.9% report unmet needs compared to 1% on high incomes. It also highlighted the fact that Ireland recorded the highest bed occupancy rate among all EU countries, with nearly 95% of all hospital beds occupied at any given time (OECD, 2019).

The COVID-19 pandemic has been a major challenge for this health system. Not only has it made clear the extent to which we collectively rely on healthcare workers to keep us safe, often at considerable risk to themselves, it also has resulted in a re-examination of the adequacy of Ireland's health system. The most obvious example of this was the nationalisation of private healthcare facilities - the public health system has shown itself to be the obvious model of delivery when public health is threatened.

This pandemic will have long term effects on Ireland's health services. For one, the delayed care and the mental and physical exhaustion of frontline health workers will inevitably result in crisis-care continuing well into the coming years.

The EU's draft Country Specific Recommendations for Ireland now urge the Government to 'Improve accessibility of the health system and strengthen its resilience, including by responding to health workforce's needs and ensuring universal coverage to primary care.

The Programme for Government states that:

> Many of the healthcare responses to COVID-19 are important elements of Sláintecare, and we will identify how to keep the gains. Underpinning our approach will be the provision of more health services in the community, increases in capacity, including bed, ICU and critical care capacity, and the promotion of good public health policy…[and]…Expanding primary and community care is at the heart of Sláintecare – making the vast majority of healthcare services available in the home or close to home, rather than in our hospitals (Programme for Government, 2020:45)

However, the Programme for Government also states that the Government ‘will examine, in advance of Budget *2022*, appropriate funding measures to support the implementation of Sláintecare (p.23).

This is too little, too late. Ireland needs to start moving more quickly to a universal public health system, funded by taxation and free at the point of use. Congress reiterates its support for Sláintecare, which is needed now more than ever.

To learn from Covid-19, we must keep what worked. We need to start moving towards an integrated, universal health service and to do this we must ensure appropriate funding and staffing are made available. This means removing the recruitment embargo and prioritising clinical leadership teams, care delivery based on clinical need on presentation, care triage and stepdown post-acute phase in the community. We need to implement a sustainable funded workforce strategy to ensure that we can rectify the current nurse and midwife staffing problems in the public health service. This strategy must include increasing the undergraduate places for nursing and midwifery and other health care professional training.

We also need to start moving to a public system of long-term care that is integrated with the public health system. 82% of long-term care is provided by private firms for profit and the European Commission had warned before the onset of the Covid-19 pandemic, long-term care in Ireland is ‘under-provided and under-regulated, with policies incentivising the use of institutional care, which is more expensive than home care for dependency levels below a certain threshold’ (European Commission, 2020:48). Public service delivery of long-term care must be the future.

And we need to build on the Healthy Ireland Initiative launched in 2014 by increasing investment in proactive prevention measures that aim to improve the health and wellbeing of the population by aiming in particular to ensure a decent quality of life for people living with chronic health conditions as well as to raise healthy life years to the levels that have been attained in countries such as Sweden and Norway (i.e. three years higher than Ireland for men and two years higher for women)

Recommendations: Budget 2021 should outline the appropriate funding measures necessary to implement Slaintecare, particularly universal primary care; expand the public

system of long-term care, particularly non-institutional care; and strengthen prevention measures that improve health and wellbeing.

Invest in early years and in early years' workers

The Programme for Government commits to establishing an agency, Childcare Ireland, to 'assist in the expansion of high-quality childcare, spearheading leadership, best practice and innovation, and professional development in community and private settings' [and tasked] with developing career paths for childcare staff [and] for expanding Síolta.' Unions representing early years' professionals must be centrally involved in this agency from the start.

The Programme for Government also commits to supporting 'the establishment of a Joint Labour Committee in the childcare sector and the drawing up of an Employment Regulation Order, which would determine minimum rates of pay for childcare workers, as well as terms and conditions of employment'.

The Government should retain the emergency model adopted for the early years' sector in response to the Covid-19 pandemic, with decent employee compensation in this sector paid by the government, with parents only paying non-labour costs, and fees regulated by government.

Recommendations: Retain the emergency model adopted for the early years' sector in response to the Covid-19 pandemic, with decent employee compensation in this sector paid by the government, with parents only paying non-labour costs, and fees regulated by government. Increase public funding for the sector to Western European norms.

Invest in education

Ireland has one of the lowest levels of per-pupil education spending in Europe, the highest class-sizes in primary schools in Europe, and high rates of early school leaving from secondary school for pupils from the Traveller community.

The NERI (Goldrick-Kelly, Mac Flynn and McDonnell, 2020:32) have shown that Ireland chronically under-spends on a per-pupil basis relative to other high-income European countries. This under-spend occurs at all three levels with a particularly large gap at tertiary level. With regard to tertiary education (levels 5-8), Ireland spends less than 60% of the per-pupil average for high-income European countries. This represents an enormous false economy and a significant failure of policy with long-term implications for economic growth.

UN Sustainable Development Goal 4 commits Ireland to ensure inclusive and equitable quality education and to promote lifelong learning opportunities for all.

The OECD's Education at a Glance report 2019 indicates that total spending on primary schools in Ireland on a per full-time equivalent pupil basis in 2017 was second lowest of 11 high-income European countries. Furthermore, the 2019 report also indicates that primary school classes in Ireland contain on average five pupils more than classes in the EU-23 Member States (25 compared to 20), and the second highest of the 11 peer countries (OECD, September 2019, Tables C1.1 and D2.1).

While Ireland's rate of 15-24-year olds who were neither in employment, education, nor training (NEETs) has declined from 15.3% in 2014 to 10.1% in 2019, it was third highest of the 11 peer countries, and well above the level of 4.3% recorded in the Netherlands and 5.5% recorded in Sweden, and 5.7% recorded in Germany.

Eurostat data also indicates that 36% of Irish individuals reported having low overall digital skills in 2019. This is above the EU-28 average of 28%, and the highest of the 11 peer countries, and that 24% of 16-19-year olds in Ireland reported having low overall digital skills, the second highest of the 11 peer countries. While the level of individuals reporting having overall basic or above basic digital skills has increased over recent years, it was still below the EU-28 average and again the lowest of the peer countries in 2019. The draft Country Specific Recommendations to Ireland for 2020/2021 state that 'in the context of the COVID-19 pandemic, it is essential to ensure that the digitisation of education and work does not increase educational and social inequalities', and expressly recommend that the government 'address the risk of digital divide, including in the education sector'.

Furthermore, Eurostat data also indicates that while the proportion of adults who reported taking part in education and training over a given four-week period has risen from 6.5% in 2016 to 12.6% in 2019, this was the fourth lowest of the 11 peer countries, and well below the levels of 34.3% in Sweden, 29% in Finland and 25.3% in Denmark. Participation in adult education and training could also be expanded in the context of the transformation of the current Temporary Wage Subsidy Scheme into a genuine Short-Time Work Scheme (discussed above).

Investment in education more than repays itself economically by increasing the productive capacity of the economy. Given that Ireland is already behind peer countries, both in spending and in many areas of performance, we need to greatly increase investment in education at all levels. Specifically, investment on a pupil/student basis needs to increase in real terms to at least the average of other high-income western European countries. In short, it we want to increase the long-run productive capacity of the economy, we need to significantly increase the amount of money we spend per pupil on education. This also entails planning for the future. The numbers of pupils and students in primary, post-primary and tertiary education have risen significantly in recent years and are expected to continue to rise, especially in post-primary and tertiary education, until at least the middle of this decade.

***Recommendations: Increase per pupil spending to peer country norms. Focus investment on reducing the digital divide in education, reducing class sizes, further lowering the early school leaving rate for disadvantaged pupils, and on raising digital skill and adult training levels*. Increase spending on construction related apprenticeships.**

3. Meeting International Commitments

Climate Change and the Just Transition

Over recent years, Ireland has lagged behind other European countries in decarbonising the economy. Greenhouse gas emissions from transport and from buildings are high and have remained on a rising trend, and Ireland is on course to fall short of the EU 2020 energy efficiency and renewable energy targets.

The targets that have been adopted over recent years by Irish Governments have been too little to address the crisis.

Despite the natural focus on Covid-19 over 2020, Ireland also needs to focus on the task of decarbonising the economy.

Government climate change policies have also failed to limit the exposure of vulnerable workers and of communities and regions most affected. As discussed above, an effective system of social security is needed if we are to successfully decarbonise the economy. In short, if workers are asked to give up their work and livelihoods for the benefit of us all, they must have access to income-guaranteed social security until they can secure work commensurate with their skills and ability and adequate to their needs.

Ireland's transformation to a climate neutral economy will require very substantial investments over a sustained period in renewable energy, electricity infrastructure, energy efficiency and sustainable farming and transport, among other things.

Recommendation: The stimulus phase of the recovery from Covid-19 must focus in particular on the transition to a zero-carbon future, as well as other immediate challenges such as the housing emergency. A 'green new deal' should form the basis of a new industrial policy, guided by the principle of a just transition for workers and households. This deal should also include state-led consortia to deliver renewable energy, the retrofitting of homes at no upfront cost and with repayments linked to income, as well as the gradual expansion over the medium-term of free public transport, starting by extending it students and the under-25s and people who are unemployed.

Support the Global South

The Programme for Government retains the previous Government's commitment to reach the UN ODA target of 0.7% of Gross National Income by 2030, and states that a monetary expenditure floor on the basis of 2019, to be calculated over a rolling current three-year average will be set.

ICTU reiterates its commitment to achieving a target of at least 0.7% of GNI by 2025 at the latest. This should be done by legislating for the 0.7% target.

Furthermore, Ireland should also aim to achieve the UN target of at least 0.15% of GNI going to the Least Developed Countries (LDCs), in line with Sustainable Development Goal 10.b, prioritise the attainment of SDG 8 - the promotion of sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all – and commit to showing solidarity with the Global South on debt justice issues by supporting debt cancellation and debt restructuring for poorer countries.

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