



Rialtas na hÉireann
Government of Ireland

National Reform Programme

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1.Introduction

Ireland is committed to the European Semester, and welcomes the overall positive assessment of our economic and employment performance in the Country Report. The preparation of the annual *National Reform Programme* (NRP) is an important part of the European Semester.

Ireland continues to be among the fastest growing economies in the European Union. Preliminary estimates of the 2018 National accounts show that the Irish economy grew by 6.7 per cent in GDP terms and by 5.9 per cent in GNP terms in 2018. While GDP figures continue to be distorted by the activities of several multinationals, a range of other indicators such as labour market data, tax revenue developments, and trends in consumption and modified investment confirm the broad-based strength of economic activity. Significantly, it also confirms that the indigenous sectors are playing a significant part in the growth trajectory. However, there are international risks and factors which may impact on our economic performance that need to be monitored.

It is clear that Brexit, in any scenario, will have a negative impact on the economy and the public finances. In particular, a departure of the UK from the EU without an agreement or transition period would have a sudden, immediate, and negative impact on our economy. For this reason, the Government has prioritised building up the resilience of the economy so that we have the capacity to deal with any such adverse economic shock.

This includes building up our budgetary capacity by balancing our books, reducing our debt burden and establishing the Rainy Day Fund. The Government is also significantly increasing capital expenditure for this year by an additional €1.5 billion to bolster our economy at a time of extreme change.

This NRP includes an update on Ireland's response to Brexit and on a wide range of targeted policies and strategies in place to overcome the main challenges and imbalances Ireland faces. This includes those identified in the European Commission's 2019 Country Report for Ireland and Ireland's Country Specific recommendations for 2018.

Future Jobs Ireland

On 10 March, the Irish Government launched Future Jobs Ireland 2019, a new multi-annual framework to ensure our enterprises and workers are resilient and prepared for future challenges and opportunities. This is a whole of Government approach, which will form an important part of Ireland's economic agenda over the medium term.

Future Jobs Ireland focuses on five pillars, namely: embracing innovation and technological change; improving SME productivity; enhancing skills and developing and attracting talent; increasing participation in the labour force; and transitioning to a low carbon economy which is very much in line with challenges highlighted in the Country Report. Each Pillar sets high level targets for 2025. Overall, Future Jobs Ireland 2019 includes 26 meaningful and impactful ambitions with 127 deliverables for completion in 2019. *(See section 3.2)*

Project Ireland 2040

Project Ireland 2040 is the overarching policy and planning framework for the social, economic and cultural development of Ireland. It includes a detailed capital investment plan for the period 2018 to 2027, the National Development Plan (NDP) 2018 – 2027, and the 20-year National Planning Framework (NPF). Among the major innovations of Project Ireland 2040 is the introduction of four funds. Rather than allocating funding in a 'business as usual' way to Government Departments, money will be allocated competitively to the best projects, which leverage investment from other sources thereby ensuring that the impact of this investment goes much further:

These funds are as follows:

- **€2 billion Urban Regeneration and Development Fund** which will secure more compact, sustainable growth in Ireland's five cities and other large urban centres. The first call was launched in July 2018 and a second call is expected in 2019.
- **€1 billion Rural Development Fund** which will assist with job creation in rural areas, facilitate the revitalisation of rural Ireland and facilitate improvements in our towns, villages and their hinterlands that improve the quality of life of communities and enhance their attractiveness for families who want to live and work there. The first

call was launched in July 2018. A second call for applications launched in April 2019.

- **€500 million Climate Action Fund** which will further initiatives that contribute to the achievement of Ireland's climate and energy targets. The first call was launched in July 2018 and some projects are scheduled to commence development in 2019.
- **€500 million Disruptive Technologies Fund** which will see investment in the development and deployment of disruptive innovative technologies and applications, on a commercial basis, targeted at tackling national and global challenges. The first call was launched in June 2018 and 27 projects were approved. It encourages collaboration between SMEs, multinationals and academic institutions. SME participation is required in every consortium.

Supporting the Regions

The Government has prioritised the achievement of balanced regional development and the rejuvenation of rural towns and villages to ensure that as Ireland's economy recovers, the benefits are broadly distributed geographically.

This will be guided by Project Ireland 2040 which, through the shared vision of the National Planning Framework (NPF) in tandem with the investment strategies of the National Development Plan (NDP), is the first real joined-up long-term planning and investment strategy to transform the country.

Project Ireland 2040 plans for effective regional development, with 50% of overall national growth between the five cities (Dublin, Cork, Limerick, Galway and Waterford), and Ireland's large and smaller towns, villages and rural areas accommodating the other 50% of growth.

The Government's Action Plan for Rural Development takes a whole-of-Government approach to the economic and social development of rural Ireland.

The new Regional Enterprise Plans to 2020 for each of the nine regions focus on leveraging the added value from regional and local actors working collaboratively, and in so doing, they

aim to complement and build on the existing activities being undertaken by the Enterprise Agencies, the LEOs and the wider range of State Bodies directly involved in promoting enterprise development in the regions. *(See section 3.3)*

Housing and Spatial Planning

Rebuilding Ireland is a €6bn, multi-annual, broadly based action plan designed to accelerate the delivery of the housing needs of over 137,000 (50,000 social housing homes through build, acquisition and lease and 87,000 supported secure tenancies in the private sector) by end 2021. In 2018, €2.061bn was provided in furtherance of the Government's Housing Programme and a total of 27,103 households had their social needs met in 2018, which exceeded the Rebuilding Ireland target for the year by 6%.

The Land Development Agency (LDA) was established in 2018 to undertake the strategic management of high potential regeneration sites. The LDA has an immediate focus on managing the State's own lands to develop new homes, and regenerate under-utilised sites.

In 2018, the €310m Serviced Sites Fund was established to provide enabling infrastructure to facilitate the delivery of affordable homes on local authority and state land.

Healthcare Reform

In 2019, an additional €905m has been provided for the Health sector resulting in the highest ever budget allocation of €17bn. The additional investment in the health sector in the last two years comes to a total of €2.25bn or an increase of 15%. This is the highest level of investment in the history of the State.

The Sláintecare Implementation Strategy is the Government's plan for delivering a sustainable and equitable health and social care service over the next ten years. It is the roadmap for building a world-class health service for Ireland.

In 2019, €23.5m has been provided to help implement this Sláintecare strategy. The majority of this money (€20m) has been set aside to set up an Integration Fund which will assist with the scaling up of integrated healthcare schemes that have been shown to be effective. The remainder of the Funding is set aside for a Sláintecare Programme Implementation Office (SPIO), whose job it will be to help fund the roll-out of the Sláintecare Implementation Strategy

and drive the implementation of the plan across all the sectors of healthcare. The SPIO has published the Sláintecare Action Plan for 2019, a detailed and comprehensive plan which firmly establishes a programmatic approach to the delivery of the first year of the Sláintecare Strategy.

Almost €200m in additional funding was provided to cover the cost of primary care initiatives under the Sláintecare strategy. The 2019 initiatives include:

- increasing the weekly threshold limits for GP visit cards
- reducing the monthly Drug Payment Scheme threshold
- reducing prescription charges
- additional funding for mental health services
- additional funding for the NTPF to tackle waiting list numbers

Climate Action

Ireland submitted its draft National Energy and Climate Plan (NECP) to the EU Commission in December 2018, which sets out ambitious renewable energy and energy efficiency contributions by Ireland for the period up to 2030, both of which will in effect double our contribution between 2020 and 2030. In addition, the Government is currently working on an ambitious whole-of-Government Plan to identify further actions to deliver on our 2030 emission targets which will be finalised in Quarter 2, 2019. The Plan will include a commitment for 70% renewable electricity by 2030 which is a significant step up in ambition from our 2020 40% renewable electricity target.

National Reform Programme

This NRP also reports on progress towards Ireland's Europe 2020 targets across the five headline targets of: *Employment; Research and Development; Climate Change and Energy; Education; and Poverty reduction.*

The NRP reports on the use of structural funds and on stakeholder engagement, which is regarded as an important part of the European Semester.

2. Macroeconomic Context and Scenario

First estimates show that GDP increased by 6.7 per cent last year. This is $\frac{3}{4}$ percentage points lower-than-assumed at the time of the Budget and reflects a combination of factors, including slightly weaker-than-assumed personal consumer spending, a decline in exports associated with 'contract manufacturing'¹ and de-stocking by firms in the third and fourth quarters.

Incoming data confirm a softening of external demand since around the summer of last year, with the pace of growth in Ireland's main export markets losing momentum. Real income growth in the UK slowed over the course of last year, as investment stalled due to heightened uncertainty associated with Brexit, with some evidence that the household sector is building up precautionary savings. The economic cycle in the euro area has peaked sooner than expected. The more modest pace of growth internationally has weighed on the euro area economy, denting both consumer and business confidence. In the US, the pace of growth is set to slow in the short-term as the impact of fiscal stimulus fades.

Against this backdrop of slowing external demand, Irish exports are forecast to grow by 5.2 per cent this year. Exports associated with 'contract manufacturing' are assumed to make no contribution to this figure.

Modified domestic demand – that is domestic demand excluding the volatile components of investment spending – is projected to increase by 4.0 per cent this year. Continued employment and earnings growth should facilitate increases in household income, as will still-modest price increases. On the other hand, consumer confidence has faltered somewhat and, while not the baseline scenario, a disorderly Brexit could prompt an additional increase in precautionary savings. Overall, it is assumed that consumer spending will increase by 2.7 per cent this year.

¹ Contract manufacturing is a form of outsourcing where a company in Ireland engages a company abroad to manufacture products on its behalf (and *vice versa*) but where the Irish-resident firm retains ownership of all inputs into the production process.

Total investment is projected to increase by just under 7 per cent this year. Building and construction spending is forecast to increase by 8 per cent, with contributions from both residential and commercial investment. Investment in machinery and equipment is forecast at 4 per cent this year; however, ongoing uncertainty regarding Brexit may prompt some firms to postpone their investment decisions. The forecasts for investment assume positive contributions from business expenditure on intangible assets and aircraft this year; any contribution (positive or negative) does not impact on aggregate demand, given that investment in these assets is assumed to be sourced from abroad (an import).

Imports of goods and services are expected to grow by 5.9 per cent this year, reflecting a slowdown in the main components of final demand.

Overall, therefore, GDP is forecast to increase by 3.9 per cent this year.

Further gains in employment are in prospect this year, with the number in employment expected to increase by 50,000 (2.2 per cent). Most of these are expected to be in full-time employment. On a sectoral basis, employment gains should be broadly-based with most, though perhaps not all, sectors assumed to post job-gains.

One of the stand-out features of the labour market has been the dramatic fall in unemployment since its peak of 16 per cent in 2012. More recently, however, there is mounting evidence that the pace of decline has slowed, an inevitable feature given that the economy is closing-in on full employment. In part, this reflects increased labour supply due to demographic factors (age structure of the population, inward migration). This year, further increases in labour supply are anticipated; however, the growth is likely to be slightly less than employment growth, so that the unemployment rate is projected to fall to 5.4 per cent.

After some years of modest earnings growth (at least at an aggregate level), available evidence points to an acceleration in wage inflation in recent quarters. This trend is likely to continue in 2019, with the decline in the unemployment rate likely to be associated with an increase in pay per employee of around 3 per cent for the year as a whole.

SPU 2019 Forecasts

	2018	2019	2020	2021	2022	2023
<i>year-on-year % change</i>						
Real GDP	6.7	3.9	3.3	2.4	2.5	2.6
Real GNP	5.9	3.7	3.1	2.2	2.3	2.4
Employment	2.9	2.2	2.1	1.5	1.6	1.7

3. Main policy responses to major economic challenges

3.1 Brexit

Impact of Brexit

The Irish Government has always been clear that Brexit, in whatever form it takes, will have a negative economic impact on Ireland. The UK's departure from the EU is an event without precedent in modern economic history – estimating the impact of this is challenging. Nevertheless, quantifying the impact is important to help Government to understand the possible macroeconomic implications and to design the appropriate policy response.

Latest estimates of the potential macroeconomic impacts of Brexit on the Irish economy from the Department of Finance and ESRI finds that, compared to a no Brexit baseline, the level of GDP in Ireland ten years after Brexit would be around 2.6 per cent lower in a Deal scenario, and 5.0 per cent lower in a Disorderly No-Deal scenario. This implies a slower pace of growth with negative consequences throughout the economy.

This would be a permanent loss of output in the economy. The impact would be significant with employment growth slowing sharply and unemployment rising. Tax revenue would be lower, and expenditure would rise.

The study from the Department of Finance and ESRI emphasises the negative impact Brexit will have on the Irish labour market. The results from the study show that employment, in the long-run, would be 1.8 per cent lower in a Deal scenario, and 3.4 per cent lower in a Disorderly No-Deal scenario compared to a situation where the UK stays in the EU.

The aggregate indicators masks the fact that there will be job losses in certain sectors and regions. The negative impacts will be most keenly felt in those sectors with strong export ties to the UK market – such as the agri-food, manufacturing and tourism sectors and also SMEs

generally – along with their suppliers. The impact will be particularly noticeable in the rural regions where these sectors are of relatively greater importance.

The general government balance would worsen by an average of $\frac{1}{2}$ a percentage point of GDP over the medium-term, and by nearly 1 per cent over the long term, in the orderly and disorderly no-deal Brexit scenario.

The deterioration in the fiscal balance would be structural, not cyclical in nature i.e. it would reflect a permanent reduction in the size of the economy and consequently in the amount of tax revenue it generates. The implication of such an adjustment would require detailed reflection and this will be focused upon in the *Stability Programme Update* in April.

According to ESRI research commissioned by the Competition and Consumer Protection Commission in 2017, Brexit could potentially result in increases in the Consumer Price Index of between 2% to 3.1%, depending on the scenario. This is equivalent to increases of between €892 and €1,360 in the annual cost of its consumption basket for the average household, assuming no change in consumer spending patterns. The impact is unevenly spread across households, with lower households disproportionately hit as they spend more on goods likely to incur higher additional costs, including tariffs.

Regarding the price of food, tariffs may be applied to some foods sourced from the UK in a no-deal situation. However, suppliers will have alternative choices of products thanks to our EU membership and the Single Market. Suppliers are already taking initiatives to mitigate the potential for food price increases and supply chain impacts. Furthermore, while research and other commentators highlight these challenges, they do not take account of the options that suppliers and consumers can take in sourcing or switching to alternative products. Irish consumers will continue to have the option, as they do today, to choose from a range of products coming from many countries including the UK.

What is clear from this research, and other studies, is that the harder the Brexit the more negative the impact for Ireland. It is imperative to boost the resilience of the Irish economy in order to minimise, in so far as is possible, any future disruption.

The Government will continue to work to strengthen the resilience of the economy, to maximise opportunities and to prepare our economy for the challenges of Brexit, including through the Ireland Connected Trade and Investment Strategy and the 10-year National Development Plan.

Preparation and Response

There is a whole-of-Government approach to Getting Ireland Brexit Ready, including a range of working groups and coordinated mechanisms.

The Government's approach has combined full participation in the overall EU framework for managing a no-deal outcome with further specific challenges and responses at national level. A detailed Contingency Plan published on 19 December set out the Government's analysis of a no-deal Brexit under a series of important headings: economic and fiscal impact; security; Northern Ireland and North-South relations; Relations with Great Britain; and sectoral analyses. The Plan covered 30 important issues across Departments and Agencies. On 30 January an updated Contingency Plan was published outlining progress in no-deal contingency planning, particularly regarding the supply of medicines; agrifood and fisheries; the Common Travel Area; the economic impact of Brexit; and transport connectivity, including preparations at ports and airports, which centres on ensuring that the necessary infrastructure, staffing and IT systems are in place. Important work has continued in all of these areas.

The Withdrawal of the United Kingdom from the European Union (Consequential Provisions) Act 2019 was signed into law by the President on 17 March. This landmark piece of legislation comprises vital legislation that will be needed in the event of a no-deal Brexit. It focuses on efforts protecting our citizens and assisting the economy, enterprise and jobs, particularly in crucial economic sectors. The Act includes provisions on the continuation of social security arrangements, healthcare arrangements, student grant arrangements, insolvency protections and protections for the continuation of bus and coach services in a no-deal Brexit, as well as provisions on international protection, provisions to ensure supports for enterprise, protections for the electricity market, and provisions to allow the modification of tax legislation.

Work is well advanced on ensuring that complementary secondary legislation needed in the event of a no-deal Brexit is in place. This will cover such areas as tax, health, social welfare, international protection, imports, exports and the recognition of professional qualifications. The

Act and complementary secondary legislation augment the contingency plans that were already underway at EU level to prepare for the UK's withdrawal.

Work is ongoing, including through engagement with the EU Commission and our EU partners, to ensure minimal disruption to trade as a result of Brexit. In a central case scenario *(based on a Withdrawal Agreement, including a transition period until 31 December 2020, agreement on the Island of Ireland protocol and a future relationship based on a free trade agreement)* and a no-deal scenario *(where goods entering the EU from the UK will be treated as imports from a third country [i.e., a non-EU Member State] and goods leaving the EU to the UK will be treated as third country exports)* additional checks and controls at our ports and airports will be needed. To minimise delays as a result of necessary additional checks and controls, work is underway on putting in place the necessary physical infrastructure at our priority ports and airports, scaling up ICT infrastructure, and recruiting and training staff, including customs officials, staff to facilitate Sanitary and Phytosanitary (SPS) controls and Environmental Health staff.

The landbridge is the term used to describe the route to market that connects Irish importers and exporters to international markets via the UK road and ports network. It is a strategically important route to market for many Irish importers and exporters, especially for short shelf life products. A no-deal Brexit in particular would give rise to the risk of considerable delays on the landbridge, which would have a knock-on effect on goods travelling between Ireland and the rest of the single market. A Landbridge Project Group established in October 2017 is working on ensuring the ongoing effective and efficient use of the landbridge. In addition to steps taken for the UK to join the Common Transit Convention, there has been engagement with the European Commission and other relevant Member States to define procedures for the continued use of the landbridge, specifically on the application of EU rules. Furthermore, the Government is undertaking a communication outreach programme on landbridge preparedness with hauliers, and the Department of Transport, Tourism and Sport continues to engage with shipping companies to explore new connectivity and capacity options in response to Brexit.

Ongoing stakeholder engagement is a central pillar of the Government's preparations for Brexit. The All-Island Civic Dialogue is a series of meetings held by Ministers to hear directly

about the all-island implications of Brexit, from a variety of stakeholders from across a wide range of sectors.

The Brexit Stakeholder Forum, with a more limited membership, meets on a regular basis. The Forum brings together the voices of business, unions, state agencies, political parties and leading experts who have an important contribution to make in helping to shape our collective response to Brexit.

The Department of Business, Enterprise and Innovation's (DBEI) Enterprise Forum on Brexit and Global Challenges provides a forum for discussion of enterprise policy implications arising from Brexit and other global challenges, with a particular focus on capturing the views, concerns and suggestions of the enterprise sector.

The Government has been identifying and responding to the implications for citizens and business of Brexit, including a no-deal Brexit, since before the Brexit referendum took place as part of its preparation and contingency planning for all scenarios.

The dedicated website www.gov.ie/Brexit provides a range of practical advice for businesses and citizens, and provides direction to the suite of supports available.

DBEI is also continuing to work with Brexit exposed firms, in particular clients of Enterprise Ireland (EI), IDA and the local enterprise offices (LEOs). While repositioning of enterprise is underway, the indigenous enterprise sector is substantially reliant on exports to and imports from the UK – with the agri-food sector particularly dependent on the UK market. Other highly exposed sectors include Construction, Timber and Consumer Products. DBEI and its agencies have substantially reoriented their suites of enterprise supports, strategies and structures to cover the spectrum of potential Brexit impacts, from liquidity support through short-term working capital loans for SMEs impacted by Brexit, to restructuring aid for businesses in severe operating difficulties. Some of these are outlined here.

Several Brexit Preparedness Support Schemes are available, giving practical assistance for businesses. These include Enterprise Ireland's Brexit Scorecard, an online platform for Irish companies to self-assess their exposure to Brexit; Be Prepared Grants; and Brexit Advisory Clinics. Bord Bia have introduced their Brexit Barometer. Revenue's Trader Engagement

Programme on customs obligations has engaged with over 80,000 businesses to date and Customs Officers have been engaging directly with importers/exporters and truck drivers at Dublin and Rosslare Ports and on board certain sailings, issuing information leaflets and responding to concerns and questions about what they need to do post-Brexit. The Department of Agriculture, Food and the Marine has set up a dedicated Brexit call centre to answer queries.

Financial aids are also available through the Brexit Loan Scheme, which offers affordable loans of €25,000 to €1.5 million to eligible Irish businesses impacted by Brexit. The Future Growth Loan Scheme provides affordable financing to Irish businesses and the primary agriculture and seafood sectors to encourage strategic long-term investment in a post Brexit environment. The Scheme, delivered by the Strategic Banking Corporation of Ireland (SBCI) through commercial lenders will make €300 million available to eligible businesses with up to 499 employees at an interest rate of 4.5% or less for loans up to €249,999 and 3.5% and less for loans greater than or equal to €250,000.

In the context of the Common Travel Area, Ireland has made arrangements with the UK to maintain current measures with regard to social security. As a result, Irish and British citizens living in either country will maintain the right to benefit from social insurance contributions made when working in either country and to access social insurance payments in either country on the same basis as at present. In addition, EU citizens will maintain the right to benefit from social insurance contributions made in the UK when establishing eligibility for relevant Irish contributory payments. It will continue to be possible to export payments, such as child benefit, from Ireland to the UK (or vice versa) in the circumstances in which those payments are currently exported.

Enterprise Ireland's 'Be Prepared' grants offer up to €5,000 to assist client companies develop a strategic plan to respond to Brexit. Intertrade Ireland's 'Start to Plan' Vouchers offer up to €2,000 to help SMEs get professional advice on Brexit. Further to these, the EU State aid approved ceiling for the Rescue and Restructuring Scheme for SMEs has been increased from €20m to €200m to allow the Government to put in place a fund, should it be required to offer both rescue aid and temporary restructuring aid to SMEs.

An analysis of the impact of Brexit on employment and unemployment commissioned by the Department of Employment Affairs and Social Protection (DEASP) noted that the impact of a hard Brexit will be felt primarily in terms of reduced demand for exports in a few sectors that are more than usually dependant on the UK market. The relevant sectors have been identified as the agri-food industries, other traditional manufacturing, and tourism. This analysis noted that the Department of Finance estimates were consistent with the estimated impact on economic output, based on the long-term relationship between GDP change and unemployment.

With regard to the potential impact upon payments and claims – under Jobseekers Allowance or Benefit – the Department of Employment and Social Protection has capacity to deal with the estimated increase in volumes, particularly given that it is currently envisaged that any increase will be lower than that experienced during the recent Financial Crisis. DEASP has also re-engineered the front and back-office structures across the Intreo offices.

With regard to employment and activation policies, DEASP has a suite of activation services delivered across multiple channels. The latter includes a nationwide network of Intreo offices, the Local Employment Service (LES) and JobPath contractors. In addition, DEASP is engaging collaboratively with the Department of Education and Skills (DES), Solas and the Education and Training Boards (ETBs) in order to ensure that effective activation and training responses are in place at the local level and that data is shared across these agencies.

DEASP and DES are co-chairing a Brexit Liaison group, which through the Divisional Manager structures in DEASP and through SOLAS and the ETBs in the education sector is continuing to engage to monitor and deal with the consequences that may arise from a no-deal Brexit scenario in order to identify and put in place appropriate training and activation supports for those becoming unemployed. The ETBs have capacity to provide appropriate training supports and currently engage with local employers to assess the skills profile and possible training needs of those facing employment uncertainty.

Specific advice has been published by the Competition and Consumer Protection Commission advising people who buy goods online from the UK of the impacts of a no-deal Brexit. Depending on the value of the items, VAT and/or import charges may be due and EU consumer law will no longer apply. ComReg has also issued advice on mobile roaming, in

particular inadvertent roaming in the border region. In the event of a no-deal Brexit, all mobile users will continue to have legal protections and, while it would be a commercial decision for mobile operators whether to offer roaming at no additional charge to customers travelling to the UK after they exit the EU, providers have indicated that no major changes in pricing are expected in the immediate period following the UK leaving the EU.

The Government's public information campaign 'Getting Ireland Brexit Ready' was launched in September 2018 and provides information on the latest Government preparedness actions, including providing solutions to business. At the end of March 2019, 97 Brexit preparedness public events had been held across 21 counties, with many more planned. A dedicated website (www.gov.ie/Brexit) provides a range of practical advice to help businesses and citizens prepare. Over 3,000 people visit the site daily, which went live on 27 February. A nationwide advertising campaign is also underway including TV, national radio, national print, local radio and print. 750,000 leaflets (one for business, one for citizens) have been printed and distributed to over 5,000 state and public outlets across the country, including public libraries, Garda stations, social welfare offices and post offices.

3.2 Future Jobs Ireland

The Irish Government has developed *Future Jobs Ireland*² to help prepare Ireland for the economy of tomorrow and jobs of the future. Central to this vision is a re-orientation of policy from the creation of numbers of gross jobs created in the economy, to the creation of more productive and sustainable jobs. Each year Future Jobs Ireland will set out the steps to deliver on these ambitions with the ultimate goal of increasing the resilience of our economy and future-proofing it.

Future Jobs Ireland focuses on five pillars which are very much aligned to challenges highlighted in the Country Report namely:

- Embracing Innovation and Technological Change
- Improving SME Productivity
- Enhancing Skills and Developing and Attracting Talent
- Increasing Participation in the Labour Force
- Transitioning to a Low Carbon Economy

Future Jobs Ireland includes 26 meaningful and impactful ambitions which contain 127 deliverables (actions) for completion in 2019. Each deliverable has a quantifiable output, lead Department and timeframe. These deliverables are built on engagement, including through a national Future Jobs Summit held in November 2018 which brought Government and stakeholders together to exchange views to inform preparation of Future Jobs Ireland. Each Pillar has high level targets for 2025 outlined below.

Embracing Innovation and Technological Change

In order to ensure Ireland embraces innovation and technological change, Future Jobs Ireland has targeted an increase in Gross Expenditure on Research & Development intensity from 1.4% to 2.5% of GNP³ by 2025 and a substantial increases in the share of SMEs introducing

² <https://dbei.gov.ie/en/What-We-Do/Business-Sectoral-Initiatives/Future-Jobs/>

³ This is the EU 2020 Target for Ireland. Gross Expenditure on R&D (GERD) expressed as a percentage of GNP is estimated at 1.46% in 2017. Ireland is unlikely to achieve the EU's Europe 2020 target, recommitted to in Innovation 2020, to increase gross expenditure (public and private) in RDI to 2.5% of GNP within the timeframe set of 2020. While

product or process innovations and with marketing or organisational innovations. Deliverables under this pillar in 2019 include:

- increasing the capacity of, and incentives for, SMEs to engage in R&D;
- expanding test beds and demonstrators sites (e.g. Connected Autonomous Vehicles and Advanced Manufacturing); developing new Industry 4.0 and Digital strategies;
- establishing “Top Teams” comprised of major stakeholders and relevant Government Departments in areas of opportunity (GovTech, Offshore renewables and Artificial Intelligence) which will be time limited and overcome barriers to sectoral development that require a multi-organisational response;
- further developing eHealth opportunities; and embracing digital transformation of public services;
- develop a Transition Teams model to help prepare enterprises in declining sectors and workers in vulnerable job roles to take steps to secure their future.

Improving SME Productivity

Despite positive headline productivity figures for Ireland overall, there is significant variation in productivity across sectors and between firms and the majority of firms, generally small and indigenous, have experienced a decline in productivity. Future Jobs Ireland will target an annual average increase in multifactor productivity (which captures how efficiently we use our labour and other resources) in the domestic sectors of the economy by 1% per year to 2025. Deliverables in 2019 include:

- deliver a new female entrepreneurship strategy;
- improving our understanding of the drivers of productivity in underperforming sectors like construction and retail;

the overall level of public and private investment in RDI has been growing steadily, our strong economic growth rate makes it more difficult to increase the intensity level as a percentage of GNP. A 2025 target will be set in the context of developments at EU level and development of a successor to Innovation 2020.

- promoting links between high performing firms, SMEs and Higher Education Institutions;
- ensuring existing initiatives for R&D are useful for smaller business;
- enhancing business framework conditions for firm creation and growth and investment in digital and managerial skills.

Enhancing Skills and Developing and Attracting Talent

Ensuring that Ireland's people are resilient, adaptable and highly skilled is essential for the future of the economy. For this reason, the 'Enhancing Skills and Developing and Attracting Talent' pillar includes ambitious targets which will see the Lifelong Learning rate double to 18% by 2025; an increase of the percentage of the population with at least basic digital skills and an increase of the cost of all structured, formal training as a percentage of payroll in enterprises. In 2019 this includes:

- engraining lifelong learning and offer career enhancing opportunities to workers;
- ensure Ireland's economic migration system is responsive to our labour market needs;
- develop a programme for SMES taking part in training and upskilling for the first time;
- promote flexible working options;
- provide training in emerging technologies.

Increasing Participation in the Labour Force

As people are living and working for longer, we must have a labour market welcoming and accessible to all – including older workers, women and people with disabilities. Future Jobs Ireland will target a substantial 3 percentage point increase in overall participation rates for people aged 25 to 69 years to 78% by 2025 with higher increases for females and older people.

Future Jobs Ireland has also set ambitious targets for youth unemployment based on the Eurostat youth unemployment ratio as this metric takes account of the large proportion of young people in fulltime education. Ireland has significantly higher rates of participation in education among young people compared to peer economies. Furthermore, the rate of

participation in education among 15-24 year olds has been rising following a significant increase following the last economic crisis. This reflects the significant structural change underway in Ireland's economy as it develops. This trend is likely to continue as technology and automation become a larger part of the Irish economy in the years ahead. However, this has weakened the unemployment rate as an indicator of the labour market situation of young people, especially when compared to older age cohorts.

To account for these changes, Future Jobs Ireland has employed the youth unemployment ratio as the basis of its targets. The unemployment ratio is derived from the number of unemployed people aged 15 to 24 as a proportion of the total population of young people aged 15 to 24, and as such accounts for the large proportion of young people in full-time education. In contrast the unemployment rate is based on the number of young people unemployed as a proportion of the number of young people in the labour force, i.e. working or searching for work. The Future Jobs Ireland youth unemployment ratio target is 6% or less by 2025. In 2019, these goals will be progressed through:

- a range of new initiatives aimed at easing barriers to entry into the workforce including investment in Early Learning and Care;
- providing tailored activation and training;
- consultation and development of guidelines on flexible working options;
- providing incentives for people who wish to work longer.

Transitioning to a Low Carbon Economy

To assist Ireland's transition to the low carbon economy, Future Jobs Ireland 2019 will target the completion of some 250,000 residential retrofits and an increase in the share of total energy use from renewable resources to 20% by 2025.⁴ In 2019, we will assist our workers and enterprises to make this transition through, for example:

⁴ We will also set ambitious targets, including for CO2 reductions, in the All of Government Climate Plan, which will seek to make Ireland a leader in responding to climate disruption.

- reviewing the regional dimension of the economic and employment implications of the transition to a low carbon economy;
- identifying opportunities for certification, standards and labels in the low carbon economy;
- delivering a national deep retrofit programme;
- identify barriers to the development of the bioeconomy;
- develop and implement a green procurement policy.

Next Steps

The deliverables outlined in Future Jobs Ireland 2019 represent the first stage of Future Jobs Ireland which will be built on in subsequent annual editions. Progress on these deliverables will be monitored by the Department of the Taoiseach with published progress reports every six months following the very successful model used previously for the Action Plan for Jobs. Over the course of 2019, the Department of the Taoiseach and the Department of Business, Enterprise and Innovation, in consultation with relevant stakeholders, will lead the development of new and additional ambitions and deliverables for inclusion in the next stage, Future Jobs Ireland 2020.

3.3 Supporting the Regions

Project Ireland 2040

The Government has prioritised the achievement of balanced regional development and the rejuvenation of rural towns and villages to ensure that as Ireland's economy recovers, the benefits are broadly distributed geographically.

In 2018 the Government published Project Ireland 2040 which, through the shared vision of the National Planning Framework (NPF) in tandem with the investment strategies of the National Development Plan (NDP), is the first real joined-up long-term planning and investment strategy to transform the country.

Project Ireland 2040 plans for effective regional development, with 50% of overall national growth between the five cities (Dublin, Cork, Limerick, Galway and Waterford), and Ireland's large and smaller towns, villages and rural areas accommodating the other 50% of growth.

Implementation of Project Ireland 2040 is being progressed at the regional level by the three Regional Assemblies who have responsibility for co-ordinating, promoting and supporting the strategic planning and sustainable development of their regions, consistent with the objectives of the NPF, through the preparation of Regional Spatial and Economic Strategies.

Project Ireland 2040 also emphasises rural development. One of the 10 National Strategic Outcomes (or objectives) of Project Ireland 2040 is to achieve Strengthened Rural Economies and Communities. Underpinning this objective, is the promotion of vibrant, inclusive and sustainable communities throughout Ireland through a range of schemes and initiatives that encourage economic and social development in both urban and rural communities. Furthermore, the Government's Action Plan for Rural Development was launched in 2017 and takes a whole-of-Government approach to the economic and social development of rural Ireland.

A central element of Project Ireland 2040 is the investment of €1 billion over the next 10 years through the Rural Regeneration and Development Fund. This Fund is focused on projects of scale that will aid the revitalisation of rural towns and villages with a population of less than

10,000 people, and outlying areas. A total of 84 projects, with a grant value of €86 million, were approved from the first call for proposals under the Fund which issued in 2018. These include projects such as several town regeneration plans, major upgrades of National Parks and Reserves in several locations, and the development of a major tourism and amenity attractions across the country. A further call for proposals was announced in April 2019.

The Atlantic Economic Corridor initiative is a collaborative project between the public and private sectors and Third Level institutions to maximise the assets along Ireland's western seaboard and combine the economic hubs, clusters and catchments of the region to attract investment and job creation and contribute to the Government's regional development objectives. Various projects are taking place within the overall initiative to progress these objectives.

Government Departments are working with Local Authorities and agencies, as well as industry, to facilitate the deployment of telecommunications infrastructure across Ireland to improve mobile phone and broadband access. This work will further help to reduce disparities in telecommunications connectivity in the regions.

Regional Enterprise Plans to 2020

The new Regional Enterprise Plans to 2020, will build on the very strong progress made on employment creation under the Regional Action Plan for Jobs 2015-2017. Shaped from the 'bottom-up' by regional stakeholders, and overseen by the Department of Business, Enterprise and Innovation, the nine Regional Enterprise Plans to 2020 complement national level policies and programmes emanating from the 'top-down' and, there is strong alignment with Ireland's national enterprise policy, Enterprise 2025 Renewed and the Future Jobs Ireland 2019 initiative.

Under the new Regional Enterprise Plans to 2020 for each of the nine regions, the Government is committed to achieving an overall jobs uplift of between 10 and 15 per cent in each region by 2020 and to bring and/or maintain unemployment levels in each region to within at least one percentage point of the State average.

The principle behind the Regional Enterprise Plans is collaboration between regional stakeholders on initiatives that can help to realise the region's enterprise development potential so that all regions can meet and exceed the regional job creation targets set to 2020.

Each Regional Enterprise Plan identifies several Strategic Objectives that build on the region's specific strengths and deal with vulnerabilities. This ranges from leveraging big data and digital opportunities, to ensuring that regions are well positioned to continue sustainable growth across various sectors, and the availability of skills and talent for future economic potential and upskilling requirements.

Urban Regeneration and Development Fund (URDF)

The €2 billion Urban Regeneration and Development Fund (URDF) was established to encourage more compact and sustainable development, through the regeneration and rejuvenation of Ireland's five cities and other large towns, in line with the objectives of the National Planning Framework and National Development Plan. This is to enable a greater proportion of residential and mixed-use development to be delivered within the existing built-up footprints of our cities and towns and to ensure that more parts of our urban areas can become attractive and vibrant places in which people choose to live and work, as well as to invest and to visit. A first call for proposals under the fund was launched in July 2018 and the successful applications were announced in November 2018. These included: provision for large scale strategic sites on both sides of the river in the Cork Docklands Regeneration areas; regeneration for O'Connell Street and projects in the city centre of Limerick; and public realm and riverside enhancement for the Abbey Quarter in Kilkenny.

Winning: Foreign Direct Investment

Since the beginning of IDA Ireland's 'Winning' Strategy, 407 Investments have been won for the regions and almost 27,000 net jobs have been added on the ground in locations outside Dublin. An average of 102 investments were won annually by locations beyond Dublin, compared to an annual average of 69 under the previous strategy.

IDA Ireland has committed in their current strategy to increasing foreign direct investment (FDI) in each region in Ireland by 30-40% by 2019.

Total employment in the IDA's client companies now stands at 229,057 with 14,040 net new jobs added in 2018. Every region in Ireland has seen foreign direct investment (FDI) employment gains and there are now over 132,000 people employed in 681 IDA client companies located outside of Dublin, with 56% of all net new FDI jobs created last year based in regional locations.

Regional Enterprise Development Fund

The Regional Enterprise Development Fund (REDF) facilitates the ambition, goals, and implementation of the new Regional Enterprise Plans, and also the previous Regional Action Plans for Jobs (2015-2017), it is aimed at providing for collaborative and innovative projects that can sustain and add to employment at a national, regional and county level. The Department of Business, Enterprise and Innovation launched the €60m Regional Enterprise Development Fund (REDF) in 2017 and it is administered by Enterprise Ireland.

The REDF is aimed at accelerating economic recovery in all regions of the country by delivering on the potential of local and regional enterprise strengths. The Fund provides for significant collaborative and innovative regional initiatives to build on specific industry sectoral strengths and improve enterprise capability, thereby driving job creation. This will be achieved by co-financing the development and implementation of collaborative and innovative projects that can sustain and add to employment at a national, regional and county level. The Fund will help to ensure the benefits of the growing economy are felt in all regions.

To date the REDF has contributed to 42 projects located around the country in all regions over a series of two competitive calls totalling €60 million. Twenty-one successful applicants representing all regions of the country secured just over €29m for projects in the second call for proposals under the competitive Fund in December 2018. Successful projects included: Bioconnect Innovation Centre in Monaghan, Galway City Innovation District, National Design Innovation Hub in Carlow/Kilkenny and the Clare MEZ (Maritime Economic Zone).

3.4 Social Housing and Homelessness

Rebuilding Ireland

Under the Government's Rebuilding Ireland Action Plan for Housing and Homelessness, a significant amount of initiatives continue to be implemented to solve the range of challenging and deep-seated issues in the housing sector. These include the prioritisation of the multi-annual capital investment and current funding programmes needed to meet the housing needs of our growing population, especially those most in need of assistance and those at risk of becoming homeless, through accelerated delivery of social and affordable housing and through increased protections for both tenants and landlords within the rental sector.

In 2018 there were 18,072 new housing completions in Ireland, approximately one in four of these new homes built were social housing homes. The new build figure was 85% up on 2017 and eight times higher than 2015 – the year before Rebuilding Ireland action plan for Housing and Homelessness began, which points to the fact that the Action Plan is working. The level of progress being made is also reflected in social housing waiting lists, which have reduced by 22%, from 91,600 households to 71,858, between September 2016 and June 2018. Through partnerships between local authorities, Approved Housing Bodies (AHBs) and a range of other delivery partners, over 45,000 individuals and families had their housing needs met during 2016 and 2017.

Increased provision of social housing is intrinsically linked with addressing homelessness, and indeed, as supply trends, particularly around new build homes, continue to increase, reliance on emergency accommodation is expected to decrease. A substantial focus is placed on preventative actions, assisting households at risk of homelessness to stay in their existing properties or to find alternative accommodation without the need to enter emergency accommodation.

Some 27,400 housing solutions in total are expected to be delivered across Ireland in 2019, through a blend of social housing programmes, addressing both the immediate and long-term needs of eligible households. To facilitate this delivery, over €2.4 billion is being made available for housing programmes in 2019.

The calibration of delivery streams under the programme recognised that early in the Action Plan local authorities and AHBs would be developing and enhancing their build capacity and getting schemes off the ground, and there was a need to harness other readily available delivery streams while new build units started to come on stream. The Housing Assistance Payment (HAP) scheme is an integral element of social housing and homelessness prevention in Ireland. This scheme facilitates eligible households to find accommodation in the private rented market, and is available immediately to households who experience need. While delivery of longer-term state and AHB owned housing and leasing provision accelerates, the HAP scheme has delivered over 54,000 housing solutions to individuals and households since it was commenced. It is the intention that as other supply mechanisms increase, reliance on the HAP scheme will decrease proportionately.

The original ambition for the number of directly built new social homes has been increased as a direct result of the change in policy direction towards increasing local authority building activity overall, but also a shift away from acquisitions from the market, therefore reducing the risk of removing opportunities for first time buyers and other purchasers in that market.

Over €6bn under Rebuilding Ireland has been provided in funding to assist the delivery of 50,000 new social housing homes and 87,000 other housing supports by 2021 while also making the best use of the existing housing stock and laying the foundations for a more vibrant housing sector.). A further €7.5bn was allocated for the period 2022-2027 in the National Development Plan under Project Ireland 2040. In terms of social housing, the National Development Plan will, through a planned capital investment of €11.6 billion over the next decade (2018 to 2027), facilitate the delivery of some 112,000 additional social housing homes.

€2.061 billion was provided to assist the Government's Housing Programme in 2018. A total of 27,103 households had their social needs met in 2018, which exceeded the Rebuilding Ireland target for the year by 6%. Cumulatively, 72,049 social housing solutions have been delivered under Rebuilding Ireland since the strategy was launched in 2016. Of this, 21,231 units are new additions to social housing stock, 42.5% of the 50,000 units targeted under the plan from 2016 to 2021.

Funding for homelessness services

Tackling homelessness is a very significant priority for the Irish Government. Budget 2019 provided an allocation of €146m, an increase of over 25% on the 2018 allocation, for the provision of homeless services by local authorities. This funding will ensure that local authorities can provide the best possible service to those individuals and families experiencing homelessness, until they can be facilitated to move to a home.

Strengthening of Prevention and Intervention Solutions

Local authorities have been asked to prioritise and strengthen both preventative and intervention solutions in Expenditure Programme Proposals for 2019 resulting in a reduced need for emergency accommodation, especially hotels and B&Bs as it is clear that preventative initiatives such as the HAP Placefinder are having a positive impact in preventing people entering homelessness. All local authorities now have access to Placefinder support and up to the end of Q4 2018, in excess of 6,100 households have been supported through Homeless HAP nationally.

Continuing Delivery of emergency accommodation

The Government will continue to provide more suitable temporary accommodation to homeless families with the delivery of more family hub accommodation to reduce reliance on private hotel and B&Bs for the provision of emergency accommodation. As of March 2019, 27 hubs are now operational nationally providing up to 650 units of family accommodation, with further hubs spaces to be added in 2019. Hubs provide a greater level of stability than is possible in hotel accommodation, with the capacity to provide appropriate play-space, cooking and laundry facilities, communal recreation space, while move-on options to long-term independent living are identified and secured.

In addition we will continue to pursue the delivery and development of temporary modular and portable hubs consisting of clusters of temporary prefabricated modular homes, with on-site services. Two pilot projects being developed in Galway and Louth.

In recent months, the Dublin Regional Homeless Executive (DRHE) delivered over 200 additional permanent beds for single adults over the winter months. All of these beds are supported temporary accommodation.

Exits from homelessness

5,135 individuals exited homelessness into independent tenancies during 2018. This is an increase of 8% on the 2017 figure of 4,729. There were 215 (2.2%) fewer persons in emergency accommodation in December 2018 than in November 2018.

Housing First

Housing First is delivering permanent housing solutions for rough sleepers and long-term users of emergency accommodation. By the end of 2018, the Dublin Region Housing First Service had created Housing First tenancies for 243 unique individuals of whom 86% have successfully retained their homes. A National Implementation Plan was launched in September 2018. The Plan puts this programme on a nationwide footing, and contains targets for each local authority, with an overall national target of an additional 663 tenancies to be delivered by 2021.

Private Rented Sector Reforms

Further reforms to the rental sector are being finalised by Government during April 2019. The reforms will contain new protections for the most vulnerable in our housing sector, including longer notice periods. In addition, two additional Rent Pressure Zones (Navan and Limerick City East) were designated in March 2019, taking to 23 the number of areas where rent increases are limited to a maximum of 4% per annum.

New Guidelines for Planning Authorities on Design Standards for New Apartments were finalised and published at the end of March 2018. These introduced guidelines on 'Build-to-Rent' and 'Shared Accommodation' models to encourage further development and investment in the private rental sector.

In order to incentive landlords to stay in the private rental market Budget 2019 introduced the full removal of the restriction on the amount of interest that may be deducted by landlords in respect of loans used to purchase, improve or repair their residential property

The Residential Tenancies (Amendment) (No. 2) Bill 2018 was also published in December 2018 and is passing through the Houses of the Oireachtas. This Bill will strengthen tenant protections through making it an offence for landlords to implement rent increases that contravene the law and provide powers to the Residential Tenancies Board (RTB) to

investigate and administratively sanction landlords who implement such increases. Annual registration of tenancies with the RTB will also be required.

3.5 Public Finances (incl. CSR 1)

CSR 1: Achieve the medium-term budgetary objective in 2019. Use windfall gains to accelerate the reduction of the general government debt ratio. Limit the scope and the number of tax expenditures, and broaden the tax base. Address the expected increase in age-related expenditure by increasing the cost effectiveness of the healthcare system and by pursuing the envisaged pension reforms.

(i) Achieve the medium-term budgetary objective in 2019

Ireland's Medium Term Objective (MTO) is a structural deficit of 0.5 per cent of GDP. Despite a projected general government surplus for this year, the output gap (measured using the commonly agreed methodology) has been significantly revised. As a result, the structural deficit is likely to be higher than the MTO this year, with the MTO now likely to be achieved in 2020.

(ii) Use windfall gains to accelerate the reduction of the general government debt ratio.

As part of Budget 2019, it was confirmed that proceeds, arising from the resolution of the financial crisis, will be directed towards lowering our stock of debt. Accordingly, an unbudgeted payment of almost €0.23 billion received in Q1 2019 from this area will be used towards furthering this objective.

Separately, it is currently projected that a further €3.5 billion will be received in 2020-2021, arising from the winding down of the National Asset Management Agency and will be also directed to debt reduction. By running a projected balanced budget this year and a surplus thereafter means that we will not add to our stock of general government debt.

(iii) Limit the scope and the number of tax expenditures, and broaden the tax base.

The Budget 2019 income tax package was primarily comprised of an increase of €750 in the point of entry to the higher rate of income tax, a reduction in the third rate of USC and an extension of the income range on which the second rate of USC will be charged. This continued the focus on reducing the tax burden on low to middle income earners, while maintaining a broad tax base. It also included increases to two targeted income tax credits, the Home Carer Credit and the Earned Income Credit. The entry threshold to USC did not change and there were no general increases to income tax credits, so the existing breadth of the income tax and USC bases was maintained.

The total full year cost of the Budget 2019 tax reductions will be just over €355 million, a relatively limited cost in the context of a projected income tax yield for 2019 of almost €23 billion.

The “Report on Tax Expenditures Incorporating outcomes of certain Tax Expenditure & Tax Related Reviews completed since October 2017” was published alongside Budget 2019. The report reflects the Department of Finance’s aim to reduce tax expenditure obligations and to examine tax expenditures with a greater degree of scrutiny going forward. The Start Your Own Business relief and the Home Renovation Incentive were terminated on 31 December 2018.

The Department of Finance will also continue to engage with the Budget Oversight Committee (BOC) and the Parliamentary Budget Office in regards to their work on Tax Expenditures. The Department of Finance have been able to provide the BOC with a list of current tax expenditures, indicating those which are subject to sunset clauses that may be applicable and providing the details of the most recent review date of each tax expenditure. This approach has contributed to work on developing a new overarching strategy for examining tax expenditures and to a higher emphasis being placed on the need to attach sunset clauses to all new or renewed tax expenditures, where that is appropriate. Sunset clauses aligned with the objectives of the scheme, will prompt the Department of Finance to review the tax expenditure concerned with a view to assessing whether it should be renewed for a further period, ended or amended.

- (iv) Off-set the expected increase in age-related expenditure by increasing the cost effectiveness of the healthcare system*

Political consensus emerged to develop a long-term policy direction for Ireland's healthcare system and a cross-party Parliamentary Committee on the Future of Healthcare was established. The Sláintecare Implementation Strategy (2018) sets out the approach to implementation and the series of strategic actions needed to effect the change envisioned by the Sláintecare Report.

Sláintecare will comprehensively reform and modernise the Irish health and social care services over the next 10 years. The objectives of the strategy are to promote the health of our population, to prevent illness and create a health system where care is provided on the basis of need, not ability to pay. It will provide appropriate care in community-based settings and create an integrated, accountable and reliable system with providers of health and social care working closely together.

The policy reform targets many objectives with the ultimate goal of providing enhanced healthcare services that will meet the demands of an ageing population. The intended goals of prevention and shifting care into the community will have a positive impact in reducing the reliance on costly acute care, thereby making health and social care more cost effective.

In 2019, €23.5 million has been provided to help implement this strategy. The majority of this money (€20 million) has been set aside to set up an Integration Fund which will assist with the scaling up of integrated healthcare schemes that have been shown to be effective. The remainder of the funding is set aside for a Sláintecare Programme Implementation Office (SPIO), whose job it will be to help fund the roll-out of the Sláintecare Implementation Strategy and drive the implementation of the plan across all the sectors of healthcare. The SPIO has published the Sláintecare Action Plan for 2019, a detailed and comprehensive plan for 2019 which firmly establishes a programmatic approach to the delivery of the first year of the Sláintecare Strategy.

Health Services - National Development Plan 2018 – 2027

The capital funding for Health in the ten years of the National Development Plan 2018 to 2027 is €10.9 billion. In the last ten years we invested €4.115 billion. This is an increase of 165% in capital funding, mainly in the period 2022 – 2027. The €10.9 billion over the next ten years provides the investment for a solid, ambitious long-term plan that will improve our health services, drive down waiting lists, increase bed capacity and crucially reform pathways of care and modernise how we deliver services through e-health. Health capital investments in the National Development Plan will contribute to Government priority projects and commitments and will enable the rollout of new additional health capacity in the community and acute hospitals. The provision of this investment will allow the health services to provide the necessary infrastructure and equipment to achieve the Government's vision for a high quality, safe, accessible and sustainable healthcare system.

Health Budget Management

The current funding provided by government for the health service for 2019 is approximately €16 billion and the HSE's National Service Plan sets out the type and volume of services to be provided for the level of funding allocated. This level of funding requires careful scrutiny and as part of a monthly performance cycle, the Department of Health holds the HSE to account for its performance in the delivery of the services set out in the National Service Plan. Performance across the four quadrants of access & integration, quality & safety, HR and finance is monitored monthly and, where services are experiencing significant performance issues, the HSE is required to submit an escalation report and detail steps taken to improve performance issues. This includes scrutiny of the HSE financial position and expenditure.

It is clear that issues of budgetary performance need to be prioritised in certain areas, and that the HSE must discharge its accountability in this regard as part of its commitments under its Performance and Accountability Framework. The introduction of a savings programme in 2018 and continued into 2019 reflects the commitment of the Executive to achieve greater value and efficiency across the totality of resources at its disposal.

The Government is committed to a significant programme of legislative and managerial reform to improve performance and accountability in the HSE. This includes the Health Service

Executive (Governance) Bill 2018, which is currently before the Oireachtas. This legislation will establish an independent board governance structure for the HSE, and as one of its functions will assist the CEO and HSE Executive team in developing a more effective performance management and accountability system.

Funding models

Activity Based Funding (ABF), the model used for funding public hospital care in Ireland, involves moving away from inefficient block grant budgets to a new system where hospitals are paid for the volume and quality of care provided. In short, ABF is intended to:

- Ensure a fairer system of resource allocation where hospitals are paid for the quality care they deliver;
- drive efficiency in the provision of high-quality hospital services through the incorporation of appropriate incentives; and,
- increase transparency in the provision of hospital services in terms of cost and volume of activity.

The ABF approach has been applied to Inpatient and Day Case activity in the 38 largest public hospitals in the country since January 2016. It is important to note that while the new funding model encourages hospitals to use resources at their disposal more efficiently, it does not seek to reduce overall expenditure in the acute hospital system. Instead, it provides a more transparent funding mechanism and it more fairly rewards hospitals for the activity that they undertake. ABF for Inpatient and Day Case activity has been rolled out to 39 of the 48 public hospitals with further hospitals being assessed for future inclusion in the ABF model. A new Implementation Plan is being developed in order to introduce the extension of ABF to Outpatients and the further embedding of ABF across the hospital system.

(v) *Pension Reforms*

The Government published the wide ranging “A Roadmap for Pensions Reform” in March 2018. Priorities include;

Reform of the State Pension – The design of a “Total Contributions Approach” or TCA, to establish the rate of pay for pensioners from 2020 onwards is nearing completion. An interim TCA model, available to those affected by the 2012 rateband changes, was legislated for in December 2018, including provisions for the new Home caring Periods which are a significant feature of the new system and reviews under this model resulting in increased payments to affected pensioners have commenced in Q1 2019.

A public consultation regarding the post-2020 model was conducted in May-September 2018, which was analysed in the period to October 2018. The submissions outlined the views of respondents on issues, including the number of years required for a full pension, the amount and type of credits that may be available, the treatment of self-employed people and the timing of its introduction. Since then, several options have been costed, using a modeller created as part of the Actuarial Review of the Social Insurance Fund. Evaluation of these options are ongoing and an announcement is expected in Q2 of 2019.

The changes are designed to remove anomalies, be cost effective and to help eliminate gender gaps in State pension provision.

A new Automatic Enrolment Savings System - *A Strawman Public Consultation Process for an Automatic Enrolment Retirement Savings System for Ireland* was published in August 2018. Over 100 written submissions were received from a diverse range of stakeholders, including employer and employee representatives, industry bodies, advocacy groups and interested individuals. The Minister for Employment Affairs and Social Protection chaired consultation seminars in Dublin, Galway and Cork, and a follow-up online survey was circulated to all participants. In addition, focus groups with potential target members were carried out. The Department is now evaluating responses. Overall, the responses to the consultation have been positive and constructive and indicate broad support for the thrust of the Strawman proposals. However, it should be noted that diverging views were also evident on many of the policy questions, such as the precise age and income thresholds that should

apply for automatic enrolment (if any), and broader questions including the appropriate scope and design of the 'Central Processing Authority' proposed in the Strawman. A final design will follow to enable the scheme to commence in 2022.

Improving Governance and Regulation - The IORP II directive is set to be transposed by the end of Quarter 2 2019.

3.6 National Development Plan, Upskilling with a focus on digital skills including CSR 2

CSR 2: Ensure the timely and effective, implementation of the National Development Plan, including in terms of clean energy, transport, housing, water services and affordable quality childcare. Prioritise the upskilling of the adult working-age population, with a focus on digital skills.

(i) *Ensure the timely and effective, implementation of the National Development Plan*

Since the NDP was launched in February 2018 there has been a concerted focus on delivery and implementation across all Government Departments and Agencies. Several important structures have now been put in place to ensure the efficient, coordinated and timely implementation of the NDP and NPF as detailed below. More generally, investment has been ramped up and project delivery continues at pace. The first annual report on the delivery of Project Ireland 2040 will be published shortly.

Establishment of the Investment Projects and Programmes Office

The Investment Projects and Programmes Office was established in September 2018 in the Department of Public Expenditure and Reform and will continue to expand over the coming period. Its primary role is to drive value-for-money reforms in areas such as project appraisal and selection, improve the portfolio management of the public investment programme and assist the Project Ireland Delivery Board and Construction Sector Group in their work.

Establishment of the Delivery Board

A high-level Project Ireland 2040 Delivery Board has been established, comprising Secretaries General of the main capital spending Departments. It provides strategic direction and leadership to implementation of the NDP and NPF. The Delivery Board is monitoring and overseeing implementation structures and performance across the various sector to ensure a

coordinated and collaborative whole of Government approach to NDP and NPF delivery. The delivery board has now met eight times since its first meeting in May 2018.

Updating of the Investment Tracker

The Project Ireland 2040 Investment Tracker is available on the website of the Department of Public Expenditure and Reform. The purpose of the tracker is to inform citizens of the variety of projects currently in the planning and construction phase and to also give a greater overview to the construction and infrastructure sectors of the Government's investment commitments and future opportunities for these sectors. The tracker will provide the public, businesses and other stakeholders with reliable information about current and future infrastructure delivery.

The Tracker is currently being updated to reflect the further projects now included in the National Development Plan and to provide an enhanced level of information on each project. The tracker will continue to be further developed to become the primary tool for public transparency on infrastructure project priorities, timelines and performance targets. A new interactive mapping tool will be published in the first half of 2019 to allow members of the public to view the status of projects in their area.

Establishment of the Construction Sector Group (CSG)

The CSG is made up of each of the main segments of the industry along with officials from relevant Departments and Agencies. The CSG ensures regular and open dialogue concerning issues that may impact on the successful delivery of the NDP on a value-for-money basis for the State. An ambitious work programme has been agreed which features five pillars: communicate for industry confidence, secure the skills pipeline, drive productivity improvement, improve value for money, and lead a sustainable industry. A core output of the Group to date is the publication of the report BUILD: Construction Sector Performance and Prospects.

Skills for the Construction Sector study

As part of its 2019 work programme, the Expert Group on Future Skills Needs (EGFSN) is undertaking an assessment of the Construction related strategies, and in particular its skills related recommendations, which have been published by both State and private industry over the years 2008 to 2018.

An analysis of the recommendations arising from these reports will be carried out to determine if:

- There is duplication or areas of overlap in the recommendations
- If the recommendations were implemented and what progress has been made to date
- If the progress made has been effective

On completion of this assessment, together with additional evidence based research due for completion in 2019, the EGFSN will then be in a position to determine if further action needs to be undertaken regarding the study of the supply and demand of construction skills.

Ensuring capacity of the public sector

In 2019 the Department of Public Expenditure and Reform will conduct a Capability Review of public sector bodies in order to:

- Learn lessons from the high performing sectors – for example roads – which can be applied to other areas
- Strengthen and build new structures and skills to develop and modernise the State's delivery practices
- Learn from leading international practice in the delivery of major investment programmes

This Review will be carried out with assistance from the EU Structural Reform Support Service.

Strengthening the National Frameworks for Delivery of Capital Projects

As part of the ongoing reform of Ireland's capital management systems, the Office of Government Procurement is conducting a review of construction procurement strategy and the Department of Public Expenditure and Reform is reviewing the Public Spending Code. The purpose of these reviews is to strengthen the existing guidance to better align with the realities of project delivery and with a particular focus on improved financial appraisal, cost estimation and management. Significant progress has been made to date. Timetables for the delivery of the phased elements of the reviews will be published shortly with the core elements of the review of the Public Spending Code completed by summer 2019.

Launch of the Land Development Agency

The Land Development Agency was established in 2018 by the Minister for Housing, Planning and Local Government to coordinate appropriate State lands for regeneration and development. On establishment, the LDA had access to an initial tranche of 8 publicly owned sites that have near term delivery potential for 3,000 new homes and an additional potential for 7,000 new homes. The LDA will also be involved in strategic land assembly by consolidating strategic privately owned lands. For example, lands which may be central to opening up the potential of public lands, or which may present long-term strategic land-assembly opportunities, to ensure land supply to the market on an enduring basis, including the potential use of compulsory purchase powers where required.

(ii) Clean Energy

The focus of the Irish authorities continues to be on the implementation of existing schemes and plans to promote investment in renewable energy. In addition to existing schemes, the Irish authorities are developing a new scheme for renewable electricity – the Renewable Electricity Support Scheme - expected to open in 2019, which is being designed to assist Ireland in meeting its renewable energy contribution to EU-wide targets out to 2030.

Ireland will also progress the transposition of the Clean Energy Package and finalise its first National Energy and Climate Plan during 2019.

Of the €115.9 billion capital expenditure outlined in the National Development plan (NDP), almost a fifth of the total investment has been allocated to the achievement of the National Strategic Outcome 8 – Transition to a low carbon and climate resilient society. The allocation of such a large proportion of the overall funding to this area demonstrates Ireland's commitment to cleaner and more efficient energy use.

Among the many actions outlined in the NDP are the Renewable Electricity Support Scheme, which will facilitate up to 4,500 MW of additional renewable electricity by 2030, investing in the energy efficiency of homes, and incentives for changing out of oil-fired boilers to heat pumps.

Overall, the investments in the NDP mark a significant shift and will deliver a cumulative 22MT reduction in CO₂. This represents one third of the emissions reduction we need to achieve.

(iii) *Transport*

Given the improvement in Ireland's economy, the Government recognises that it has been necessary to return to investing in critical economic infrastructure, like our transport network. Challenges like climate change and congestion also mean we need to provide stronger public transport links. *Project Ireland 2040*, recognises the strategic and integrative role transport plays in both urban and rural areas throughout the country, with a clear commitment and investment in inter-urban connectivity, as well as enhancing connectivity with ports and airports. Funding has also been committed for various major transport projects, under several of the ten different National Strategic Outcomes of the Plan (e.g. Enhanced Regional Accessibility, Sustainable Mobility, High-Quality International Connectivity, Strengthened Rural Economies and Communities).

Budget 2019 provides funding of €480 million for investment in public transport in 2019. This is an increase of 18% over the funding provided in 2018. Investment in public transport infrastructure will rise to over €700 million in 2020 and almost €1.1 billion in 2021. This funding allows progress to continue to be made in rollout of certain central programmes in *Project Ireland 2040*, which seek to resolve issues such as congestion and the emerging capacity constraints on our public transport system across our cities.

The Government is also committed to the further development of public transport services in rural areas so funding has been increased over the past number of years, for both Public Service Obligation (PSO) and Local Link services in rural areas. The National Transport Authority is continually working with Bus Éireann to provide improvements on its contracted services, including improvements to many non-urban services made in 2018, with more changes planned for this year. The increased funding has also enabled the introduction of 66 new commuter services into the Local Link network since 2016, operating 5, 6 or 7 days per week, as well as demand-responsive services. The most important features of these new services include greater integration with existing public transport services and better linkage of services between and within towns and villages.

In 2019 work will continue on our public transport investment priorities including:

- Publication of a revised network design BusConnects proposal, which represents a reimagining of bus transport for Dublin, taking into consideration the feedback on the consultation of the network design undertaken in 2018;
- Planning and design work for new urban cycling and walking routes in our main cities. This will pave the way for an increased construction programme commencing substantially in 2019;
- Luas capacity enhancement programme, with new and longer trams on the Luas network with the first tram extension being rolled out in late 2019;
- Maintaining the heavy rail network to protect investment already made in our national railway system by providing 'steady state' level of funding for maintenance and renewal projects;
- Progressing both the City Centre Re-signalling Project to improve speeds on mainline rail and the new rail Central Traffic Control Centre;
- Continuing to ensure that accessibility features are built into all new public transport infrastructure projects and vehicles from the design stage and to funding the Accessibility Retro-fit Programme to upgrade older (legacy) infrastructure and facilities to make them accessible for people with disabilities;
- Traffic management, bus priority and other smarter travel projects in our cities;
- Piloting of emerging low emission technologies and also actions to encourage the transition of the national taxi fleet towards alternative fuels and technologies;
- A new consultation by the NTA on the MetroLink "preferred route", responding to feedback received during the 2018 consultation.

- Funding for Local Link services has increased to almost €21m in 2019. 80% of the fleet in use on Local Link services is wheelchair accessible with a target of at least 95% fully accessible trips by the end of next year.

(iv) Housing

(see also section 3.4)

National Development Plan

The National Development Plan 2018 – 2027 sets out the significant level of investment, almost €116 billion, which will underpin the National Planning Framework (NPF) for Ireland and drive its implementation over the next ten years.

Resolving the systemic factors underlying our current housing issues is at the heart of the National Planning Framework and housing and sustainable urban development are important strategic investment priorities.

By 2040, the population of Ireland is projected to reach almost 6 million with a need for 550,000 more homes. The need to provide in excess of half-a-million more homes over the period to 2040 corresponds to a long-term trend of 25,000 new homes every year.

A higher level of output is required in the short- to medium-term to respond to the existing deficit that has given rise to Ireland's housing problems. Through the National Development Plan and the Irish government's *Rebuilding Ireland: Action Plan for Housing and Homelessness* published in 2016, investments are being made in relevant areas to ensure housing supply begins to match demand. Apart from the significant investment already detailed in section 3.3:

- the €310 million Serviced Sites Fund will provide enabling infrastructure to facilitate the delivery of affordable homes on local authority and State land in keeping with the objectives of the National Development Plan.

In terms of social housing, the National Development Plan will provide for the delivery of some 50,000 new social housing homes by 2021. This will be achieved through direct Local Authority build, acquisitions, rejuvenation of formerly empty homes and provision by housing bodies, to

reduce social housing waiting lists and ensure sustainable supply of social housing through future appropriate investment in line with projected demand.

In addition to the focused investment in social housing over the coming years, the NDP investment will also facilitate the delivery of more affordable homes to buy and rent, through, for example, co-ordinated and efficient provision of enabling infrastructure and services on publicly owned sites, leveraging the value of the land to provide mixed-tenure developments and providing flexibility on design and density, particularly in our urban cores, to enable more cost-efficient construction and variety of homes aimed at first-time buyers.

(v) Water Services

The most recent investment needs estimated in 2018 by Irish Water is outlined in its Strategic Funding Plan 2019 – 2024 which sets out its medium term multi-annual strategic funding requirement of EUR11bn to 2024, comprised of a EUR6.1bn investment in infrastructure. This planned investment is comprised of EUR3 billion in water and waste water, EUR700 million in reducing leakage and protection of the environment and EUR2.4 billion investment in capacity and resilience and facilitating economic growth.

- Kerry Central Regional Water Supply Scheme is a €33m investment for construction of a new water treatment plant which completed in 2018 to comply with EU Directives. It is among the largest in the country producing over 50 million litres of drinking water every day for residents, industry, agriculture and tourism in the area as well as ensuring 62,000 customers are removed from the Environmental Protection Agency's Remedial Action List.
- Ballyshannon Regional Water Supply Scheme is a €22m investment in water treatment plant and network (due for commencement in 2019 and completion in 2020) to deal with drinking water issues across the local region to comply with EU Directives.
- Blanchardstown Regional Drainage Scheme is an €87m investment (commencing in 2019 for completion in 2022) involving the upgrade and expansion of the wastewater network currently serving Blanchardstown and the surrounding catchment areas. It will facilitate future residential and commercial development, enable the long-term

social and economic development of the region and surrounding areas including Meath and Kildare, and will reduce the frequency and volume of untreated wastewater overflows from the wastewater network to the River Tolka.

- Cork City Water Supply Scheme is a €40m estimated investment involving the upgrade of the Lee Road Water Treatment Plant (due for commencement in 2019 and completion in 2020) which provides approximately 70% of the Cork City's total water supply equating to over 87,000 people and associated businesses.
- Leixlip Transfer Pipeline Project is an estimated €28m investment (due for commencement in 2019 and completion in 2021) to ensure that the wastewater network in the region will have capacity to provide for future population growth and economic development in this region.
- Old Connaught/Woodbrook Water Supply Scheme is a €25m estimated investment (due for commencement in 2019 and completion in 2022) to improve network resilience and flexibility in servicing the designated supply area that includes parts of South Co. Dublin and parts of North Wicklow including Old Connaught, Fassaroe, Woodbrook and Rathmichael.
- Skibbereen Regional Water Supply Scheme is a €28m investment in water treatment plant and network (due for commencement in 2019 and completion in 2021 to provide a safe, secure and reliable supply of drinking water.
- Upper Liffey Valley Sewerage Scheme (Contract 2A) is a €31m estimated investment (due for commencement in 2019 and completion in 2020) to intercept the existing flows in the overloaded Newbridge catchment and to reroute them to Osberstown waste water treatment plant via 9.9km of new network and 3 pumping stations ensuring compliance with the EU Urban Waste Water Treatment Directive.
- Upper Liffey Valley Sewerage Scheme (Contract 2B) is a €38m estimated investment (due for commencement in 2019 and completion in 2022) to provide an upgrade of the existing waste water collection networks within the three catchments in the

Osberstown agglomeration through the development of existing pumping stations and construction of new rising mains and gravity sewers. This is required to facilitate the effective collection and transfer of the waste water generated within the collection network to the waste water treatment plant at Osberstown ensuring compliance with the EU Urban Waste Water Treatment Directive.

(vi) Affordable Quality Childcare

Public investment in early learning and care and school age childcare (ELC and SAC) has risen significantly in recent years. It rose from €260m in 2015 to €486m in 2018 and further increased in Budget 2019 by 18% to €575m. Collectively, in the last four budgets an increase of 117% has been secured.

A range of programmes in recent years have aimed to improve the quality, affordability and accessibility of ELC and SAC, including:

- Publication of *First 5* in November 2018. This whole-of-government strategy for babies, young children and their families aims to significantly improve their lives over the next decade.
- Introduction in 2010 of a universal free pre-school programme (the 'ECCE' programme) which has been subsequently increased to 2 years free pre-school in 2018.
- Introduction in 2016 of the *Access and Inclusion Model (AIM)*, which promotes inclusive practice and the full inclusion of children with disabilities within the *ECCE* programme.
- Implementation of initiatives and plans to improve the quality of ELC and SAC, for example continuous professional development and enhanced capitation.
- The National Childcare Scheme (NCS) which opens in October 2019, is a single, streamlined and user-friendly scheme to help parents meet the cost of quality ELC

and SAC through both universal and income assessed subsidies. In the interim, in September 2017 actions were introduced as precursors and included a new universal subsidy for children under 3 years of age and enhanced targeted subsidies for low income families. Both initiatives saw targets being surpassed.

- Annual capital schemes have been provided to increase capacity and build new ELC and SAC places. The identification of childcare as a strategic priority in the National Development Plan and a commitment of €250m will enable further expansion.
- The Government has in November 2018 committed to the publication in May 2019 of a detailed Implementation Plan for First 5 which will set out important milestones for the various goals and actions contained within the strategy.

A new model of parenting support

First 5 is a ten-year whole-of-Government, and whole-of-society strategy for babies, young children and their families launched in November 2018. It includes a wide range of actions to be progressed over the first three years to improve the lives of children. These include the development of a national model of parenting supports, from universal to targeted provision, covering main stages of child development. Parenting information resources will also be consolidated streamlined and improved to ensure that accessible, high-quality information and guidance is available for parents to promote healthy behaviours, facilitate positive play-based early learning and create the conditions to form and maintain strong parent-child relationships.

Reform of the Early Learning and Care (ELC) system, including a new funding model

First 5 builds on the very significant developments in ELC over recent years and seeks to further improve affordability, accessibility and quality. Actions include the National Childcare Scheme, moving progressively towards a graduate-led professional ELC workforce and the extension of regulations and resourcing to all paid childminders and school-age childcare services. Under this, Government and DCYA plan to at least double investment in ELC and SAC over the next decade building on the unprecedented 117% that has been secured over the last four years.

An essential mechanism to ensure that increased investment in Early Learning and Care and School Age Childcare delivers quality, accessibility and affordability for children and their

families will be the development of a new funding model. The new funding model will operate in parallel to the existing schemes and provide additional resourcing to Early Learning and Care and School Age Childcare services in return for evidence of demonstrable criteria of quality and affordability. The new funding model will be developed in the coming years with the input of an Expert Group, a research programme and engagement with representative organisations along with other inputs.

The implementation plan for the new funding model will be formulated over the coming months and will function in parallel with the NCS.

National Childcare Scheme (NCS)

The Childcare Support Act 2018 provides the legislative basis for the provision of financial assistance with the cost of ELC and SAC. The new scheme was announced in March 2019 and will be rolled out in October 2019, providing a simplified subsidy programme, replacing the existing targeted programmes. It will provide a robust platform for future investment with a view to ensuring that ELC and SAC is more affordable.

- The National Childcare Scheme will help families with children aged between 24 weeks and 15 years who are attending any participating registered ELC or SAC service, including Tusla registered childminders.
- There are two types of subsidies available under the Scheme:
 - The universal subsidy will be available to all families with children under three years for up to a maximum of 40 hours per week. It will not be means tested and will typically be calculated within minutes of applying via the Scheme's online system.
 - An income assessed subsidy will be available to families with children aged between 24 weeks and 15 years. This subsidy will be means tested and will be calculated based on individual circumstances. The subsidy rate will vary depending on the level of family income, the child's age and their educational stage. It will reduce the cost of a registered ELC or SAC place for up to a maximum of 40 hours per week where parents are working, studying or training. Where parents are not working, studying or training, the subsidy will be paid for up to a maximum of 15 hours per week.

- As part of Budget 2019, an additional €89 million was allocated to the NCS (in addition to the funding already in the base for targeted schemes). This enabled the maximum net family income threshold to increase by 26% from €47,500 to €60,000, which in turn will bring in an additional 7,500 children to the scheme, with improved subsidies for over 40,000 others already expected to benefit.

Increases to existing subsidies

There were significant increases in September 2017, of up to 50%, in targeted ELC and SAC subsidies provided under existing schemes, specifically the Community Childcare Subvention (CCS) and Training and Employment Childcare (TEC) Schemes. The increased subsidy significantly reduces the amount of co-payment required of lower income families and as a result improves access for children in these families to quality ELC and SAC. In total, over the 2018 programme year, over 185,000 children participated in at least one DCYA funded programme, which represents an increase of 24% on 2017 (this includes ECCE). The increased numbers reflected 39,319 children availing of CCSU and 38,846 (43%) availing of CCS(P). The number of children benefiting from the universal and targeted schemes exceeded the target at almost 80,000. 88% of relevant ELC and SAC services (3,247 services) signed up to provide these new solutions.

Funding of €3.5 million was announced to benefit providers who signed up to the schemes in recognition of the administration involved in participating. This payment is in addition to the €14.5 million non-contact payment secured in Budget 2017. A total of €19.4 million is available again in 2019 and thereafter to assist services with the administrative burden of administering the schemes. An additional, once off, fund of €2m is available in 2019 to assist the NCS. ELC and SAC subsidies – including the NCS – are part of the Government’s pilot Equality Budgeting initiative

Early Childhood Care and Education (ECCE) Programme (Universal Pre-School access)

ECCE is a universal, free, preschool programme available to all children for up to two programme years (38 weeks x 15 hours per week x 2 years) which provides children with their first formal experience of early learning prior to commencing primary school. Children can avail of their entitlement to two years of ECCE once they have reached at least 2 years and 8 months by the 31st of August of the programme year.

- This full two year entitlement from September 2018 is estimated to save a family approx. €5,000 in childcare costs where they avail of the two years.
- The capitation to providers for ECCE was increased by 7% in Sept 2018 to help services to deliver higher quality services.
- In 2017/18, 4,242 services were contracted to provide the ECCE programme nationally with 118,673 children benefitting from the scheme at peak enrolment.
- A financial incentive for higher quality provision is built into *ECCE* through a higher capitation payment for services with graduate room-leaders (currently €80.25 per week per child) than for services without graduate room-leaders (currently €69 per week per child). Over 50% of *ECCE* rooms now access the higher levels of capitation.

Quality Initiatives

The following initiatives contribute to quality development in Early Learning and Care:

The Early Years Inspectorate of the Child and Family Agency, *Tusla*, has responsibility for promoting the quality, safety and appropriate care of children through inspection and regulation. Tusla introduced a Quality and Regulatory Framework in 2018 to bring clarity to the regulations and promote standardisation of practice and consistency in inspection. The Framework is an important resource for registered providers and especially for parents. It promotes the continuous improvement of the quality and safety of services provided to children. The inspectorate works in close collaboration with the Department of Children and Youth Affairs and the Early Years Inspectorate of the Department of Education and Skills which focuses on the educational aspects of *ECCE*.

Better Start is a national initiative established by the Department of Children and Youth Affairs to bring an integrated approach to promoting quality in ELC for children from birth to six years through the provision of a specialist mentoring service.

In the 2017-2018 programme year, over 4,000 children with a disability received significant assistance through the Access and Inclusion Model which enabled them to participate in

mainstream pre-school. Many multiples of this benefited from universal supports. 6,500 AIM Inclusive Play Packs were distributed to 4,096 ELC settings across Ireland in 2018 to assist them offer inclusive pre-school services. The universal elements of AIM benefit all children through the upskilling of the workforce and promotion of an inclusive culture.

In December 2018 Government for the first time published regulations to improve quality in school age childcare services and which will enable such services to access the National Childcare Scheme. These regulations came into force in February 2019.

Capital Investment

In December 2018, the Government announced that funding of €9m had been secured for capital grants in 2019. The budget for the Early Learning and Care and School Age Capital programmes has been set at €6.106m and an additional €3m is available to help fund capital requirements associated with the National Childcare Scheme.

The focus of the funding in 2019 is to continue the expansion of places for 0-3 year olds and school age childcare where this is most needed. Funding is also being made available to aid community/not-for-profit services in enhancing fire safety.

Childminding

DCYA will publish a Childminding Action Plan at the end of 2019 that will set out short, medium and longer-term actions to move towards the wider regulation and assistance of childminders. This follows from the Report of the *Working Group on Reforms and Supports for the Childminding Sector*, published in March 2018.

Registration with Tusla will be a requirement for any childminder wishing to take part in the National Childcare Scheme, and therefore the widening of registration to more childminders will be prioritised.

(vii) Prioritise the upskilling of the adult working-age population, with a focus on digital skills.

The Irish Government has a major focus on upskilling the working age population. This was reflected in Budget 2019 and is facilitated by an expanded and reformed National Training Fund.

The Department of Education and Skills has established an upskilling pathways multi-agency steering group to identify priority cohorts and appropriate actions to implement the Upskilling Pathways Recommendation. The Department's data shows that almost half of the eligible cohort are in employment.

There are a wide range of initiatives in place across the education and training system. Including Skills to Advance, Skills for Growth EXPLORE and Springboard+ aimed at identifying skills needs and ensuring a quality response from the education and training system.

In Q3 2018, the Department of Education and Skills in Ireland launched a new policy framework for employee development, 'Skills to Advance'. This new approach has a particular focus on employees who have lower skills levels. The policy sets a target of having over 40,000 workers, whose skills level is below Level 5 on the National Framework of Qualifications (NFQ), engaged in state led skills development by 2021. €11m has been secured for this new policy in Budget 2019.

Skillnet Ireland is the national agency with responsibility for the promotion and facilitation of upskilling for those in employment, helping Irish businesses and workers to meet their current and future skills needs. Skillnet Ireland is a demand side programme enabling enterprise led training through 65 learning networks across a range of sectors and regions. It operates under a joint investment model where State grants are combined with investments by participating businesses.

Skillnet Ireland is funded from Ireland's National Training Fund, through the Department of Education and Skills. In 2019 Skillnet Ireland will receive €28m, an increase of €6 million over 2018 provision. Securing greater labour force participation from women is an important area

of focus of Government. Skillnet Ireland's Women ReBOOT programme is an innovative initiative to provide opportunities for experienced and talented women to return to work in the technology sector after a career break, by updating their technology and professional skills, through building confidence and by facilitating paid work placements with 22 of the leading technology firms in Ireland.

The Irish apprenticeship system has undergone significant reform through the Action Plan to Expand Apprenticeship and Traineeship 2016-2020. Apprenticeship registrations have grown by 80% in the first three years of the Plan, through increased activity in existing apprenticeship areas such as construction and engineering and the development of 20 new programmes in enterprise areas such as ICT, financial services and hospitality. These apprenticeships offer employers the opportunity to not only train new staff, but also upskill existing staff to work in new roles.

Digital Skills in Further Education and Training

A range of programmes are provided in the further education and training (FET) sector for individuals who wish to develop their digital literacy skills. Basic ICT tuition is integrated into adult literacy and numeracy provision. Opportunities for acquiring basic digital skills are also offered through a variety of FET providers via a broad range of Education and Training Board (ETB) FET provision delivery across the FET sector. The Department of Education and Skills recently launched the 'Skills to Advance' policy which enables targeted supports for employees with lower skill levels and who need more opportunities to advance their working lives and careers, to sustain their employment and avoid displacement, or to avail of emerging job opportunities. 'Skills to Advance' is also a significant part of Ireland's national efforts to implement the European Commission's Upskilling Pathways recommendation, which aims to help adults with less than upper second level education acquire a minimum level of literacy, numeracy and digital skills.

Lifelong learning

The Action Plan for Education, the National Skills Strategy 2025, Future Jobs Ireland 2019, the Regional Enterprise Action Plans and Project Ireland 2040, have all identified Lifelong learning as an important policy for the education and training system. As a result, an ambitious lifelong learning target of 18% by 2025, double our current rate has been set as part of Future Jobs Ireland.

Digital Skills- The EXPLORE Programme:

In 2018, the Regional Skills Fora Managers developed the pilot EXPLORE Programme which is aimed at upskilling the existing workforce and improving Ireland's Lifelong Learning rates. The continued main objective of the initiative is to create a new solution to help to resolve Ireland's low level of participation in lifelong learning amongst the Irish workforce, it seeks to:

- increase transversal and digital skills amongst males/females over 35 years of age already in employment;
- provide a novel approach to overcome barriers to participation in lifelong learning;
- reduce skills obsolescence which is a significant concern for employers;
- showcase the benefits of collaboration between local Education & Training providers and industry
- provide an awareness of the importance of wellbeing in work and at home

During 2018 over 250 people participated in EXPLORE and several employers have indicated their interest in participating in further iterations of the programme. It is planned to double this number to 500 participants in 2019 and to complete an evaluation of the EXPLORE Programme.

Springboard+

Under Springboard+ 2018, which is being rolled out over the 2018/19 academic year, over 8,000 places on 245 courses are available in public and private educational institutions throughout Ireland. Courses selected for funding are in areas of identified enterprise skills needs and were selected, following a competitive call for proposals, by an independent evaluation panel using published criteria that included value for money, flexible delivery, engagement with industry and skills relevance.

As part of Future Jobs Ireland 2019 a competitive call to HEIs for proposals to be funded under Springboard+ 2019 was launched in January 2019, with a particular focus on the need to prepare for emerging new technologies including robotics and AI, etc.

Higher Education Recurrent Funding

The Government is committed to the continued re-investment in Higher Education and building on the progress made in Budgets 2017, 2018 and 2019. Overall recurrent higher education spending has increased by 17% compared to 2016 to a projected €1.76 billion in 2019. This represents an increase to the sector of €257m during the period.

The new current funding will be used to fund initiatives such as those to encourage innovation and reward excellence; investment in teaching and learning capacity; additional places on Springboard+; a new research fund for Institutes of Technology/TUs and an expansion of part-time and flexible learning opportunities.

Human Capital Initiative

Budget 2019 also announced a new Human Capital Initiative that will involve investment of €300 million in higher education over the 5 year period from 2020 to 2024, with €60m being made available in each of those years.

The Initiative is aimed at incentivising continued reform and innovation, accelerated course completion, flexible and blended learning, intensified focus on employability and strengthened linkages and relationships with enterprise. It represents a significant response to projected demographic pressures that will impact on the HE sector over the coming years.

3.7 Irish SMEs, Reduction in Long Term Arrears including (CSR 3)

CSR 3: Foster the productivity growth of Irish firms, and of small and medium enterprises in particular, by stimulating research and innovation with targeted policies, more direct forms of funding and more strategic cooperation with foreign multinationals, public research centres and universities. Promote faster and durable reductions in long-term arrears, building on initiatives for vulnerable households and encouraging write-offs of non-recoverable exposures.

- (i) *Foster the productivity growth of Irish firms, and of small and medium enterprises in particular, by stimulating research and innovation with targeted policies, more direct forms of funding and more strategic cooperation with foreign multinationals, public research centres and universities.*

Future Jobs Ireland sets ambitious targets and includes specific actions to promote the productivity of Irish SMEs through increased investment in RDI, strengthened links between SMEs, multinational corporations and Higher Education Institutes, and improving management skills. Important actions for 2019 includes developing a Regional Innovation and Technology Clustering Programme to link SMEs and Institutes of Technology, strengthening the capacity of the Local Enterprise Offices, and launch the Future Growth Loan Scheme which will provide long term debt financing for strategic investments.

Innovation 2020 is Ireland's research and development, science and technology strategy. It sets out actions to increase enterprise engagement in RDI. There have been several developments in the past year which will contribute to stimulating research and innovation in

SMEs as outlined in CSR 3. Public expenditure on RDI increased from €739m in 2017 to an estimated €752m in 2018, the highest amount invested since 2012.

In the 2018 European Innovation Survey, Ireland was ranked the 9th most innovative state in the EU, remaining among the Strong Innovators and performing above the EU average. Ireland retained the overall leader position in the Innovators dimension, demonstrating how innovative Irish SMEs are as European leaders, placing highly in the following sub-indicators:

- 1st for SMEs innovating in-house
- 2nd for SMEs with product or process innovations
- 2nd for SMEs with marketing or organisational innovations.

The Disruptive Technologies Innovation Fund, or DTIF, is an Irish Government Fund recently launched as part of Project Ireland 2040 and the National Development Plan with a resource allocation of €500m over the period 2018-2027 consisting of an initial Exchequer allocation of €180m to 2022. As a first tranche, €20m will be allocated during 2019. Informed by the Research Priority areas, the Fund is competitive and is seeking investment in the research, development and deployment of disruptive technologies and applications on a commercial basis. It will drive collaboration between Ireland's world-class research base and industry as well as facilitating enterprises to compete directly for funding in the development and adoption of these technologies. The Scope of the first call was informed by the Government-approved Research Priority Areas 2018-2023.

27 projects have been announced from the first tranche of funding, worth €75m to 2021. All projects include collaborations between start-ups, SMEs, multinationals and academic institutions. Every project involves at least one SME, and many are led by an SME. A second call for projects is expected to launch in 2019.

IDA Ireland's client companies have a hugely positive effect on the local economy with over eight jobs being created for every 10 jobs in an FDI company. Spillovers from Multinational Company (MNC) investment directly into the Irish economy include expenditure on Irish materials and services totalling €7.5bn, an annual payroll spend of €11.7bn and capital investment of €5.7bn on new buildings and machinery and equipment.

More broadly, FDI is considered a major source of spillovers to SMEs in the following areas

:

- **Labour mobility and turnover:** Multinationals tend to staff their local subsidiaries with local labour and train them with skills and know-how to enable them to perform their roles. When these workers leave these companies to work for another firm, they bring their knowledge and expertise with them to their new place of employment. Labour mobility enables knowledge spillovers between companies, industries and regions.
- **Market competition:** In order to protect their market share, market competitors may start to emulate a new entrant in order to compete. This is particularly true in a highly innovative market such as data centres where technology moves rapidly. This causes the know-how to spread between firms in the industry, as well as firms outside of the industry.
- **Market transactions with local firms:** Multinationals generally require a more advanced level of goods and services in their production. Multinationals often work with local suppliers through a combination of training and technical assistance in enabling the suppliers to meet the multinationals' requirements.

Enterprise Ireland Initiatives

Enterprise Ireland (EI) continues to provide direct assistance to companies for RDI in the form of RDI Equity funding and RDI Grants and under its Small Business Innovation Research Programme. EI has allocated €50.2 million to facilitate industry collaboration with the third level sector in 2019. This includes funding for Technology Gateways, EI/IDA Ireland Technology Centres, Innovation Partnerships, Innovation Vouchers, New Frontiers Collaboration, International Collaboration and Industry Graduate Development Programmes. The Career-Fit Programme, launched in 2017, is garnering strength.

Enterprise Ireland funded Technology Centres (Competence Centres) will continue in 2019 to deliver strategic collaborations between foreign owned MNCs, indigenous SMEs and the publicly funded research system.

SMEs qualify for all of EI's funding programmes and a small number of these programmes are also open to FDI companies. This funding helps companies to develop new and improved products and services which serve as the basis for sustainable economic growth.

In addition, in March 2019 a revised National IP Protocol and accompanying IP Protocol Resource guide was published. These documents will serve as a valuable resource to help all industry, from start-ups and SMEs to multinational corporations, entrepreneurs and investors which access the research and development carried out in Ireland's RPOs.

As part of Future Jobs Ireland, an ex post evaluation of the R&D Tax Credit will take place in 2019, prior to Budget 2020, in line with the Department of Finance Tax Expenditure Guidelines. This will involve a public consultation and will take the form of a survey/questionnaire on the cost and benefits of having an R&D Tax Credit. This evaluation will have specific emphasis on the SME sector and their relationship with the R&D Credit.

Management Training and Development in SMEs study

As part of its 2019 work programme and a deliverable of Future Jobs Ireland, the Expert Group on Future Skills Needs will be undertaking a study on Management Capability and Practices in SMEs. The draft objectives of the study will be to **(a)** assess and quantify, as much as possible, the comparative performance of managers in Irish SMEs, and therefore any gaps or weaknesses that need to be resolved; **(b)** identify whether these gaps are due to a lack of demand for or supply of management development training; and **(c)** recommend how these issues can be resolved, and the gaps filled.

The study will focus on examining management practices in detail with a view to determining where Irish SMEs need to improve their performance in the light of international best-practice. Once these areas are identified, the study will consider how improvements can be brought about. It is likely that there will be both demand- and supply-side issues.

Design Skills Enterprise Demand Report

As part of its 2019 work programme, the EGFSN will be undertaking a study of enterprise demand and the provision of higher and further education design courses across all education institutions. This builds upon *Winning by Design: An Introduction to the Design Skills for Firms to be Innovative and Competitive in Global Markets*, which was published in November 2017.

The principal objectives of the study will include:

- A quantification of the design skills in demand by the enterprise base in Ireland in both the discrete sector and across the wider economy to ensure that the provision of design education and training meets enterprise needs.
- A quantification of the extent to which the content of design education and training provision covers the new and emerging areas of design and reflects the available career opportunities.
- A determination of the relevance of existing design graduates to the design needs of the enterprise base in Ireland.
- Identification of how any potential gaps in design skills education and training provision may be closed.

The analysis in the study will provide the basis for a series of recommendations for the sector.

Science Foundation Ireland

Science Foundation Ireland (SFI) have launched a range of new initiatives including a new EUR 100 million postgraduate research training programme in March 2019. The SFI Centres for Research Training (CRT) initiative will provide training for 700 postgraduate students in areas of nationally and internationally identified future skills needs of digital, data and ICT.

Throughout 2018 Science Foundation Ireland launched five new SFI Research Centres, representing a total investment of over €90 million. Hosted by University College Dublin, Royal College of Surgeons Ireland, Teagasc and University of Limerick, they will focus on a range of research areas important to Ireland including the Bioeconomy, advanced and smart manufacturing, neurological disease and precision dairy.

The latest round in Q4 2018 of the SFI Industry Fellowship Programme awards are endorsed by 20 industry partners ranging from Irish start-ups and SMEs to large MNCs and will see 23 researchers take up temporary placements in industry ranging from 2-24 months. The programme aims to enhance industry-academia collaborations through the funding of collaborative industry-academia research projects, and to stimulate excellence through knowledge exchange and training of engineers and scientists. Both aims will be pursued by

the Industry Fellowship Programme, through the temporary placement of academic researchers in industry, and of industry researchers in academia.

As part of Future Jobs Ireland, an ex post evaluation of the R&D Tax Credit will take place in 2019, prior to Budget 2020, in line with the Department of Finance Tax Expenditure Guidelines. This will involve a public consultation and will take the form of a survey/questionnaire on the cost and benefits of having an R&D Tax Credit. This evaluation will have specific emphasis on the SME sector and their relationship with the R&D Credit.

(ii) Promote faster and durable reductions in long-term arrears, building on initiatives for vulnerable households and encouraging write-offs of non-recoverable exposures.

Since 2011, Ireland and Irish banks have taken many actions which have allowed banks to consistently and materially reduce non-performing loans every year from their peak in 2013 and put in place durable restructuring solutions for long-term arrears. According to the Central Bank of Ireland, the average non-performing loans ratio of the domestic Irish banks was 8.5% in December 2018, falling from 13.8% a year earlier.

Non-performing loans of the domestic Irish banks fell by €12.6 billion or 41% year-on-year to €18.0 billion at December 2018 through a combination of restructuring and loan sales (estimated to be €7.5 billion across five transactions by four banks). Mortgage NPLs fell 39% in the domestic Irish banks year on year. Non-performing loans have now fallen by €67.3 billion or 88% from peak in 2013.

The *Central Bank Residential Mortgage Arrears & Repossessions Statistics* show that at the end of December 2018, the number of accounts for Principal Dwelling Houses (PDH) in arrears fell for the twenty-first consecutive quarter. At end December 2018, there were 63,246 accounts in arrears out of a total stock of 728,168. The number of accounts in arrears for more than 720 days, continues to decline and at end December 2018, the number of accounts in arrears over 720 days constituted 44% of all accounts in arrears.

Abhaile

The Government state funded mortgage arrears resolution service, Abhaile, launched in October 2016, gives indebted borrowers access to panels of qualified and regulated financial or legal professionals to give advice and assistance on how to resolve their mortgage arrears on their homes. The data included in the recent Abhaile Second Annual Report in January 2019 indicated that Abhaile is reaching its target group of distressed borrowers in two years' plus mortgage arrears and is helping them to achieve sustainable solutions to their arrears. Take up of the Abhaile scheme has been high, especially amongst those in very long term arrears. Significant successes include:

- Take-up exceeded expectations. The projected take-up for Abhaile (July 2016) was 9,400 households in total over the three years 2017 – 2019; As of the end of year two of the Scheme, over 10,000 households in mortgage arrears (11,695 individual borrowers) have received Abhaile financial advice and negotiation services aimed at getting a solution in place from a Personal Insolvency Practitioner (PIP), a Dedicated Mortgage Arrears Advisor (DMA advisor), or both;
- As of the end of the second year of the scheme, legal aid had been provided in over 800 cases for review by a court where creditors had rejected a borrower's proposal to resolve mortgage arrears on their home. Vouchers had also been issued for over 2,500 borrowers to access legal advice from a solicitor, while almost 4,800 unrepresented borrowers facing repossession proceedings across Ireland received help from duty solicitors provided by the Legal Aid Board in this period;
- Over 3,300 solutions are now in place, or on trial, for insolvent borrower(s) who were at risk of losing their home due to mortgage arrears, and in many cases facing repossession,
- As of July 2018, over 30% of the 11,695 borrowers who engaged with Abhaile financial advice either have a solution in place or on trial, or will have within one year of taking up advice;

- A further 53% of borrowers who engaged with Abhaile financial advice (6,148 borrowers) are still in their homes, and are receiving ongoing advice from their Abhaile financial adviser who is working with the borrower to get a solution into place;
- 95% of Personal Insolvency Arrangements negotiated by PIPs under Abhaile are keeping borrowers in their homes;
- 86% of the solutions achieved by DMA Advisers enable borrowers to stay in their homes.

The cohort of home mortgage accounts with the deepest arrears (equivalent to more than 720 days' repayments outstanding) has fallen. In mid-2015, when it stood at 38,043 accounts, and numbered 34,980 accounts by end June 2016, the beginning of Abhaile Year One. By the end of December 2018, in the middle of year three of the scheme, these deepest-arrears home mortgage accounts had reduced to 27,551– a fall of over 10,000 accounts, or 28%, since peak.

Mortgage to Rent (MTR)

The Mortgage to Rent (MTR) Scheme is a Government initiative to help homeowners who are at risk of losing their homes due to mortgage arrears. The MTR scheme was introduced in 2012. The scheme is managed by the Housing Agency which liaises with all the relevant stakeholders.

Since the introduction of the MTR scheme, a total of 4,475 cases have been submitted under the scheme to the end of 2018. Of the 4,475 cases submitted, 3,043 were ineligible or terminated in-process. Of the remaining cases submitted, 445 have been completed, and the remaining 987 applications are being actively progressed.

A Review of the MTR scheme, published on 8 February 2017, introduced a range of amendments to the eligibility criteria and administration of the scheme in order to improve its operation. The Review explored the avenues and impediments to participation in the scheme and recommended certain actions to make the scheme work better for borrowers. The eligibility requirements of the scheme were widened to include a greater number of borrowers and a larger number of property types. In addition, new structures and arrangements have been put in place to encourage more entities to take part in the scheme. Increasing awareness and understanding of the scheme has been a priority and a website - www.mortgagetorent.ie - which went live in June 2018 complements the other improvements that have been made to the scheme following the Review and is the national portal for information on the MTR scheme.

The implementation of the resulting actions from the Review means that MTR is available to provide a long-term solution for more households in mortgage distress, where appropriate. Where MTR is not an option, it is a matter for the borrower to discuss with their lender if there are other options available to resolve their mortgage arrears situation. Likewise, the borrower, if eligible for social housing assistance, may also be able to consider other social housing options, including accessing the Housing Assistance Payment (HAP).

4. Progress towards national Europe 2020 targets

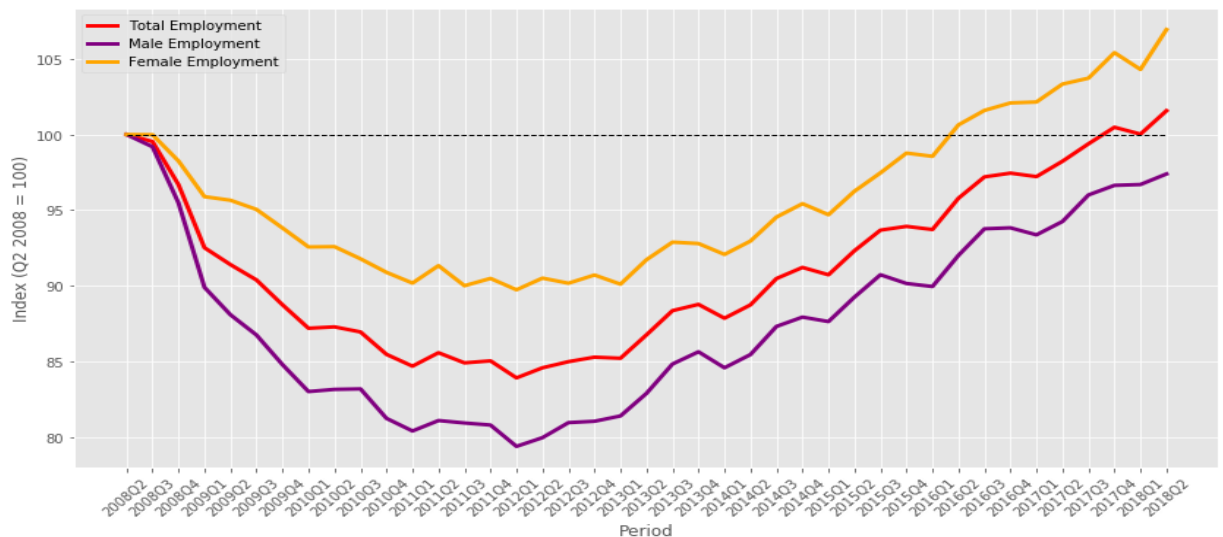
This section reports on the Europe 2020 Strategy targets for Ireland.

4.1 Target 1 - Employment

To raise to 69-71% the employment rate for women and men aged 20-64, including through the greater participation of young people, older workers and low-skilled workers, and the better integration of legal migrants, and to review the target level of ambition in 2014, in the context of a proposed mid-term review of the Europe 2020 Strategy.

Employment Levels

Figure 1: Indexed Quarterly Employment by Gender, Q2 2008 to Q2 2018 (Source: CSO)



The employment rate for men and women aged 20-64 was 74.0% in 2018, up by more than 9 percentage points since 2012, showing a continuing improvement in the labour market after a fall from 75% in 2007 to 68% in 2009 and less than 65% in 2012.

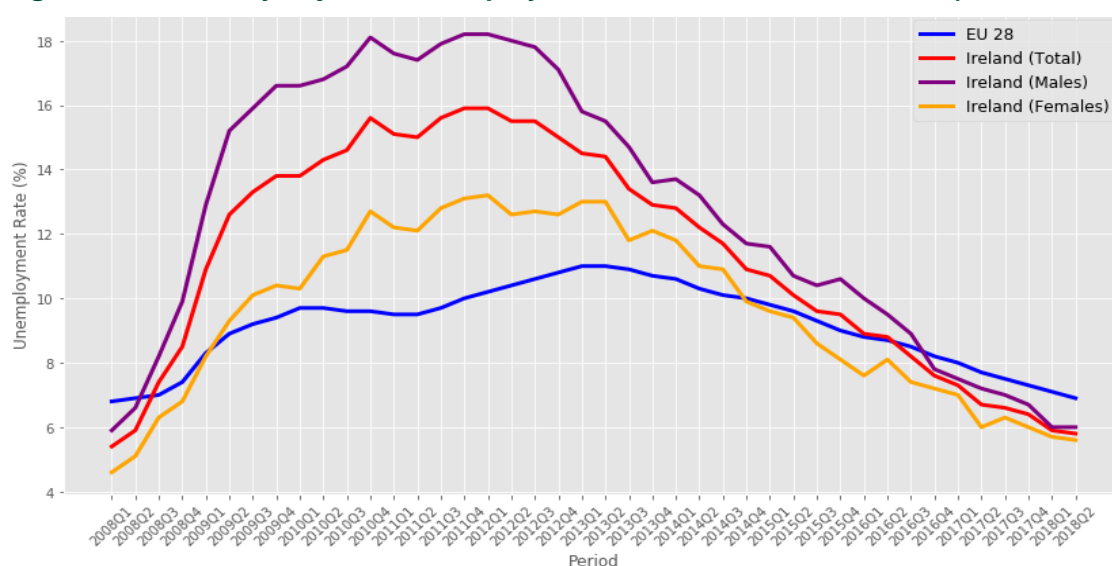
The employment rate for men averaged at 80% throughout 2018, up from 68.8% in 2012. The employment rate for women has shown a more modest but still significant increase, from 60.2% in 2012 to an average of 68% in 2018. The gender gap in employment rates had almost

halved from 16 percentage points in 2008 to 9 percentage points in 2012, but has widened slightly since then to 12 percentage points in 2018 as male employment continued to recover rapidly from the particularly sharp fall it had experienced in the recession. The employment rate for young people aged 20-24 has risen 10 percentage points from 54.1% in 2012 to 64.2% by Q4 2018.

The employment rate has now substantially exceeded the upper end of the 2020 target range of employment rates of 69-71% and is slightly above the EU average of 73.2%.

Unemployment Levels

Figure 3: Seasonally adjusted Unemployment Rate Q1 2008 to Q2 2018 (Source: CSO)



The seasonally adjusted unemployment rate was 5.4% in March 2019; down from a peak of 16% in early 2012, and approaching pre-recession levels. The seasonally adjusted unemployment rate for males was 5.4% and for females was 5.5% in March 2019.

The number of people who are long-term unemployed (defined as being unemployed for a year or more) has fallen by 79,500 or over 61% over the last four years. Long-term unemployment accounted for approximately 39% of total unemployment at the end of 2018. Although the long-term unemployment rate has fallen from a peak of 9.8% to 2.1% (and continues to fall) it continues to rate above pre-crisis levels.

Youth Unemployment

The unemployment rate for young people aged 15-24 year olds decreased from 12.2% to 12.0% over the year to end 2018. The unemployment rate for young people aged 20-24 was 9.6% by the fourth quarter of 2018.

The absolute number of young unemployed people (15-24) has fallen substantially – from close to 95,000 on average in 2009 to 34,000 by end 2018.

Some of the fall in youth unemployment has been a result of:

1. demographic developments arising from birth trends in the 1980s and 1990s;
2. the tendency, particularly in Ireland, for some young people to stay longer in education rather than seeking work in a depressed market; and
3. the impact of emigration.⁵

Increasingly, however, the fall in youth unemployment reflects the improvement in the labour market and rising employment rates for the young. As a result of this fall, young people now represent 27% of all unemployed, down from a share of 40% in mid-2008.

Policy Procedures to reduce unemployment – Two-Pronged approach

In recent years, Government policy to reduce unemployment takes a two-pronged approach. First, through the Action Plan for Jobs which concluded at the end of 2018, to create an environment in which business can succeed and create jobs; and second, through Pathways to Work to ensure that as many of these new jobs and other vacancies that arise in our economy are filled by people taken from the Live Register. To date, these policies have been effective in reducing unemployment. The actual number of unemployed has fallen from 356,000 in February 2012 to 135,000 February 2018. Irish unemployment is now significantly below the EU average.

⁵ Although the results of the 2016 Census indicate that emigration of young people between 2011 and 2016 was much more limited than had been estimated at the time.

Action Plan for Jobs

The original targets for the Action Plan for Jobs (APJ) initiative in 2012 were to have an additional 100,000 people in work by 2016 and 2 million people in work by 2020. At the end of 2018, there were over 390,000 more people at work since the first Action Plan for Jobs was launched in Q1 2012, and over 2.28 million people in employment. Over the life-time of the APJ the seasonally adjusted unemployment rate has fallen from 16% in Q1 2012 to 5.7% in Q4 2018.

In 2018, it is expected that employment growth will be 2.3%, which equates to approximately 50,000 more people in work. An additional 50,500 people were at work in the year to end Q4 2018, in-line with targets for the year.

Over the lifetime of the Action Plan for Jobs, a total of 3,301 measures were completed, giving an overall implementation rate of 92% over seven years.

Over the coming years, the priority must be to ensure that our citizens are equipped with the skills to take up the jobs of the future, some of which do not yet exist. As referenced in section 3.2, *Future Jobs Ireland 2019* is a Government led initiative that has replaced the Action Plan for Jobs, to deliver policy reforms over the coming years to ensure that we can continue to build an innovative and competitive economy in a changing world of work. As Ireland approaches full employment, this shifts the policy focus towards enabling the creation of highly productive, sustainable jobs and away from the previous focus of number of jobs.

Pathways to Work

The *Pathways to Work (PtW)* Strategy sets out a comprehensive reform of the State's approach to helping unemployed jobseekers return to work.

The *Pathways to Work* Strategy for 2016 to 2020 was published in January 2016 and we are working towards the introduction of a new PtW Strategy later this year. It considers how activation approaches developed during a time of recession should be adapted for a time of recovery and as a tool of social/active inclusion during a period of prosperity. It therefore adopts a two-pronged approach to further labour market and activation reforms:

Consolidation: Consolidating the recent reforms to the Public Employment and Welfare Services and optimising provision to maximise outcomes for its clients, and

Development: Gradually expanding access to activation services, as resources allow, to other non-employed people of working age who might benefit from closer attachment to the labour market.

The current Pathways to Work Strategy contains 86 actions across 11 Government Departments and agencies and 10 performance metrics against which progress is measured.

Work continued in 2018 on: ensuring at least monthly engagement between case officers and those who were already, or at risk of becoming, long-term unemployed; promoting the availability of employment services to voluntary engagers; responding to the recommendations of the 'Making Way Pay' group to facilitate those with a disability to take up employment; and actions to enhance the quality of employer engagement. By end 2018, 83% of actions had been completed (with some actions subject to ongoing reviews); 10% of actions were on target for completion by their due date; and 7% of actions were progressing but delayed.

In October 2018, a new work experience programme was introduced, targeted specifically at young jobseekers who are long-term unemployed or who face significant barriers to gaining employment. The new Youth Employment Support Scheme (YESS) will provide disadvantaged young jobseekers with the opportunity to learn basic work and social skills in a supportive environment while on work placement, helping them to increase their employment prospects.

The rolling, multi-annual PtW Evaluations Programme continued in 2018. The Programme draws upon an episodic administrative database, the Jobseekers' Longitudinal Database (JLD), capturing jobseekers spells of unemployment and exits to employment, training and education, from 2004.

Formal evaluations of the JobPath contracted employment services (with OECD oversight) and the JobsPlus recruitment subsidy were progressed in 2018. The results of the Jobpath evaluation indicate that Jobpath has been successful in helping jobseekers not only to secure

employment but to enter employment with higher earnings than they would otherwise have received if they had secured employment without the support of JobPath.

Results of the Jobsplus evaluation are expected shortly

Better Migration

It should be noted that the Irish Government recognises that ‘better migration is much broader than an employment issue but is being included here given its positioning in EU 2020 Target one. Ireland’s approach to integration follows a policy of mainstream service provision, i.e. migrant’s access the same services as Irish people do. The services should adapt to the cultural diversity of their client base. This approach emphasises the effective and equitable provision of core services and sees the responsibility for making services more accessible to migrants as resting with mainstream departments responsible for public service provision. Targeted programmes may also be implemented to overcome identified barriers to integration. The Department of Justice and Equality operates several such programmes under which exchequer and EU funding is provided to community and voluntary organisations to implement integration projects at local, regional and national levels.

Integration outcomes are monitored by the Economic and Social Research Institute on behalf of the Department of Justice and Equality across the core integration indicators of employment, education, social inclusion and active citizenship. The most recent integration monitor was published in November 2018 (<https://www.esri.ie/publications/monitoring-report-on-integration-2018>). With respect to employment, it found that employment rates of immigrants in Ireland are comparable to those found across the EU, but that there are important differences in labour market outcomes for different groups of non-Irish nationals. In general, non-EU nationals tend to have lower employment rates and higher unemployment rates than Irish nationals and the most disadvantaged group is African nationals whose employment rate is 45% compared to an average of 70% for non-Irish nationals.

Migrant Integration Strategy

The Government approach to migrant integration is framed within a comprehensive Migrant Integration Strategy covering the four-year period 2017 to 2020. This Strategy contains 76 specific actions for Government Departments, local authorities, and other public bodies across a range of public policy and service provision areas including: Promoting Intercultural Awareness and Combating Racism and Xenophobia; Education; Access to Public Services and Social Inclusion; Employment and Pathways to Work; and Active Citizenship.

Many actions involve the participation of non-Government actors, including community and voluntary sector organisations, local communities, the business sector, and sporting and arts organisations.

Progress under the Strategy is monitored by a multi-stakeholder committee chaired by the Minister of State with responsibility for integration. Committee members include action owners and migration/integration NGOs. A mid-term progress review of the implementation of the Strategy is currently being prepared by the Department of Justice and Equality, and will be brought to Government shortly. In this context, the Department of Justice and Equality has engaged bilaterally with Departments to agree additional actions needed to advance progress towards strategic integration objectives in the areas of education, employment, local integration and citizenship over the strategy period. These will be included in a forthcoming Memorandum for Government.

4.2 Target 2 - Research & Development

To raise combined public and private investment levels in this sector to 2.5% of GNP (approximately equivalent to 2.0% of GDP).

Ireland's RDI intensity rate is estimated at 1.46% (€3,396 billion) of GNP for 2017, unchanged from the rate of 1.46% (€3,243 billion) of GNP in 2016 and reduced from 1.56% (€3,131 billion) in 2015. Since the publication of Innovation 2020 in 2015, direct Exchequer funding of RDI (GBARD) has increased from €736m in 2015 to an estimated €751.7m in 2018. This is the highest level of public expenditure on RDI since 2012. Despite the gradual reduction in the RDI intensity rate, GBARD has managed to prevail consistently at around 1% of total Government expenditure since 2011.

Overall expenditure on RDI (GERD) has increased from €3.13bn in 2015 to an estimated €3.4bn in 2017, an increase of €270m. GERD has increased year on year since committing to the Europe 2020 target, with an overall increase of €700m since 2011.

However, reaching the 2.5% of GNP intensity rate target presents a very significant challenge. In 2017 our GNP intensity level stood at an estimated 1.46% of GNP, down from 1.99% in 2012. Even when using GNI* as a complementary indicator (GNI* removes globalisation impacts on the Irish economy), the RDI intensity rate is estimated at 1.87% for 2017. This is in part due to the strength of our economic performance and subsequent increases in GNP growth rates year on year over the last number of years. Our challenge is to increase the level of investment in RDI to keep pace with GNP growth rates.

The highest expenditure on RDI continues to be from within the business sector, which accounted for an estimated €2.391 billion (over 70%) of total GERD in 2017.

Significant progress has been made on the other commitments made in Innovation 2020:

- Launch of the €500m Disruptive Technologies Innovation Fund (DTIF); (*See Section 3.1*)

- 5 new world-leading SFI Research Centres have been launched in 2018, bringing the total up to 17. The Centres focus on strategically important areas of research for Ireland linking scientists and engineers in partnerships across academia and industry;
- €665m has been secured under Horizon 2020, the EU Framework Programme for RDI. This exceeds the total drawn down under the previous Framework Programme 7 and Ireland is on track to meet its €1.25bn target;
- The €100m SFI Centres for Research Training programme provides training for 700 postgraduate students in areas of nationally and internationally identified future skills needs of digital, data and ICT. Several SFI Research Centres and approximately 90 major industry partners will also assist the programme;
- Small Business Innovation Research (SBIR) Ireland launched 11 challenges in 2018, including one in partnership with the HSE;
- Ireland has further increased our participation in International Research Organisations and are now members of ESO (European Southern Observatory);
- SFI has launched its Frontiers for the Future programme to focus on driving individual-led, frontiers research in collaboration with Geological Survey Ireland and the Environmental Protection Agency.
- A Mid-Term Review on Innovation 2020 has been carried out and its findings and recommendations will be presented to Cabinet in Q2 2019.

The Irish Research Council undertakes a lot of work in the enterprise sector and in talent generation such as:

- Strengthening the pipeline of postgraduate and postdoctoral skills and knowledge for enterprise through the Irish Research Council's enterprise schemes;
- Rewarding world-class research talent through the Irish Research Council Laurate awards;
- Delivering future opportunities for high-calibre international skills and talent across all disciplines through the Irish Research Council's early-career research funding programmes.

4.3 Target 3 – Climate Change and Energy

By 2020: to reduce greenhouse gas emissions in the non-traded sector by 20% compared to 2005 levels; increase the share of renewables in final energy consumption to 16%; to move towards a 20% improvement in energy efficiency.

Carbon Emissions

For the year 2020, the target set for Ireland is that emissions should be 20% below their level in 2005. This is Ireland's contribution to the overall EU objective to reduce its emissions by the order of 20% by 2020 compared to 1990 levels. Ireland's target is jointly the most demanding 2020 reduction target allocated to EU Member States under the Effort Sharing Decision (ESD), which is shared only with Denmark and Luxembourg.

The latest projections of greenhouse gas emissions by the Environmental Protection Agency were published in May 2018. These indicate that emissions from those sectors of the economy covered by Ireland's 2020 targets could be between 0% and 1% below 2005 levels by 2020.

The ESD allows Member States to meet their targets using unused emissions allowances from earlier years, or through purchasing allowances from other Member States or on international markets. Ireland has certain accumulated credits already acquired. However, Ireland will need to purchase allowances to meet projected shortfalls in 2019 and 2020. The cost of this requirement will depend on the price and final quantity of allowances required.

Building on the framework put in place by both the National Mitigation Plan and the National Development Plan, the Minister for Communications, Climate Action and Environment is preparing an All-of-Government Plan which will set out the actions to be taken to make Ireland a leader in responding to climate change. This will include how Ireland will, at the very least, meet its targets for the period to 2030. This is a cross Government approach to develop new initiatives in electricity, transport and heat, as well as a range of other sectors.

The All of Government Plan to be delivered, in Quarter 2, will have a strong focus on implementation, including actions with specific timelines and steps needed to achieve each action, assigning clear lines of responsibility for delivery. It will also be informed by successful

approaches in other countries, where such approaches could be adapted for implementation in Ireland.

Decarbonising the agriculture sector is challenging but the sector should also be seen as part of the solution to ensure the multiple objectives of agriculture are recognised in a vibrant rural economy.

Ireland's long-term policy vision for the agriculture and land use sector is 'an approach to carbon neutrality which does not compromise the capacity for sustainable food production'.

The Department of Agriculture, Food and the Marine and its agencies, Teagasc and Bord Bia, are actively involved with the farming sector in assisting actions and initiatives in pursuit of this challenging vision of carbon neutrality.

Renewable Energy

In 2017, 10.6% of energy consumed in Ireland was from renewable sources. Ireland has achieved the 2015-2016 indicative interim target (i.e. 8.92%) on the path to the 2020 target of 16% as set out in the Renewable Energy Directive. However Ireland recognises that reaching the 2020 target continues to be challenging. The Sustainable Energy Authority of Ireland projects that Ireland will achieve between 12.7% and 13.9% of its 16% renewable energy target by 2020.

In the **electricity sector** 30.1% of energy consumed in 2017 was from renewable sources. In setting an overall target for electricity from renewable sources, the Government has not set specific targets for given renewable technologies. To date, onshore wind energy, as the most cost effective technology available to Ireland, has been the largest driver of growth in renewable electricity accounting for 25.2% of final electricity consumption. The Irish authorities recognise, however, that onshore wind must be complimented by other policies to meet our renewable energy ambitions. In addition to our onshore wind resource, offshore wind, bioenergy, solar and other technologies may play a critical role in diversifying our renewable generation portfolio over the period to 2030.

In the **transport sector** 7.4% of energy consumed in 2017 was from renewable sources as calculated under the provisions of the Renewable Energy Directive. The vast majority of this renewable energy came from biofuels used in road transport. The Biofuel Obligation Scheme

sets a mandatory requirement on fuel suppliers to ensure a specific percentage of all fuel placed on the market are biofuels. The mandatory rate increased from 6% to 8% (by volume) on 1 January 2017.

The Biofuel Obligation Rate is set at 10% (by volume) for 2019 and will be increased to 11% (by volume) from 1 January 2020. A range of assistances are also in place and being developed to incentivise the take up of electric vehicles which will also contribute to the renewable energy use in the transport sector. Ireland's expects that over 9% of energy consumed in the transport sector will be from renewable sources by 2020.

The share of renewable energy in the **heating sector** in Ireland has risen from 2.4% in 2000 to 6.9% in 2017. The recent growth, dominated by solid biomass, is largely attributed to the increased use of wood waste as an energy source in the industrial sub-sectors of wood products and food. The Support Scheme for Renewable Heat (SSRH) is an important initiative to increase renewable energy in the heat sector by incentivising the use of renewable energy heating systems in the non-residential, non-ETS sector. The SSRH is designed to increase the share of renewable energy in the heat sector by circa three percentage points. The scheme consists of two assistance mechanisms:

- an installation grant for heat pumps, and
- ongoing operational assistance for new installations or installations that currently use a fossil fuel heating system and convert to using a biomass or anaerobic digestion heating system.

The installation grant opened for applications in September 2018. The operational provision for biomass boilers and anaerobic digestion heating systems is expected to open in the first half of 2019.

Energy Efficiency

Ireland set a national target to improve its energy efficiency by 20% by 2020, meaning that energy savings of 31,925 GWh should be made. The most recent estimates available, as set out in the 4th National Energy Efficiency Action Plan (*NEEAP 4*), indicate that procedures in place at that time were projected to deliver savings of c. 25,900 GWh by 2020 (which would represent 16.23% achievement versus the 20% target). Since 2015 funding for sustainable

energy investment has increased from €50m to €141m in 2019. This has enabled intensification of effort with €116m allocated for investment in energy efficiency. This is facilitating scaling up and expansion of incentives and schemes in the residential, commercial and public sectors, aiming to incentivise deeper renovation and switching to renewable heating. This is further set out in Ireland's current 2017-2020 Long Term Renovation Strategy and in the draft National Energy and Climate Plan published in December 2018.

Several pilot schemes under way in the 2016-2019 period are now being evaluated to create the evidence necessary to build capacity on both demand and supply sides that will be needed to meet the ambition set out in Ireland's National Development Plan and to meet our 2030 climate targets.

Renewable Electricity Support Scheme (RESS)

The Department of Communications, Climate Action and Environment is currently developing a new support scheme for renewable electricity. Its primary objective of which will be to incentivise sufficient renewable electricity production to enable Ireland to deliver its 2030 renewable electricity contribution to EU wide targets.

Other policy objectives that will be delivered under RESS include; increasing community participation in and ownership of renewable electricity projects; increasing renewable technology diversity; and enhancing security of supply.

The scheme will be subject to the 2014 EU State Aid Guidelines, which seek to promote a gradual move to market-based adoption of renewable energy. This will result in a shift from guaranteed fixed prices for renewable generators (existing REFIT feed in tariffs) to a more market oriented mechanism (renewable auctions) where the cost will be determined primarily by competitive bidding between renewable generators. The volumes to be procured under RESS will be informed by Ireland's first National Energy and Climate Plan. The Irish Government approved the RESS High Level Design in July 2018 and the new scheme is now undergoing detailed design and implementation.

Micro Generation

On 31st July 2018, a pilot micro generation scheme was launched to help domestic customers who install solar photovoltaic panels in their homes. The grant is available for homes built and occupied before 2011 and details of eligibility criteria and how to apply are set out on the SEAI website.

The pilot scheme is initially targeting domestic customers, solar PV installations (rooftop solar panels), self-consumption (grant to assist with installation costs with no tariff for export) and battery storage. It is expected the pilot scheme will run until the end of 2020.

The recast Renewable Energy Directive, as part of the Clean Energy Package was agreed at EU level in June 2018, establishes the role of the 'Renewable Self Consumer' which entitles micro generators to receive remuneration for renewable electricity exported to the grid. The Directive will need to be implemented by June 2021.

4.4 Target 4 – Early School Leaving Target and Tertiary Education

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

Ireland's current share of early school leavers (i.e. 18 – 24 year olds with at most lower secondary education and not in further education and training) has fallen to 5%, which is one of the lowest in the EU and substantially below our 8% target.

The rate of third level education attainment in Ireland to 55.4% for 30-34 year olds (provisional for 2018), up from 52.6% in 2013. This exceeds the EU average of 40.5% by 14.9 percentage points.

Delivering Equality of Opportunity in Schools

DEIS Plan 2017 (Delivering Equality of Opportunity in Schools) is the Department of Education and Skills' main policy initiative aimed at tackling educational disadvantage and sets out 5 goals with associated targets and actions for education to become a proven pathway to create better opportunities for children and young people at greatest risk of not reaching their potential by virtue of their socio-economic circumstances. Its focus is on supporting schools with greatest levels of concentrated disadvantage amongst their students, an approach which is supported by national and international evidence.

The Plan presents an ambitious set of objectives and actions to assist children who are at greatest risk of Educational disadvantage and introduces the actions required to help them based on the following 5 goals:

1. To implement a more robust and responsive Assessment Framework for identification of schools and effective resource allocation
2. To improve the learning experience and outcomes of pupils in DEIS schools

3. To improve the capacity of school leaders and teachers to engage, plan and deploy resources to their best advantage
4. To assist and foster best practice in schools through inter-agency collaboration
5. To assist the work of schools by providing the research, information, evaluation and feedback to achieve the goals of the Plan

DEIS Plan 2017 set specific targets in a range of areas including literacy, numeracy and wellbeing. It also set a target to continue to improve retention rates at second-level in DEIS schools to reach the national norm. Schools participating in the DEIS scheme have seen their Leaving Certificate retention rates at post-primary level rise to 85% (compared to 93.5% for Non-DEIS schools) for the cohort of students who entered post-primary school for the first time in September 2011, from a level of 68.2% in September 2001. DEIS Plan 2017 sets out a series of actions and provisions to assist in continuing to close the gap between DEIS and non DEIS schools.

The two main initiatives in this area are the Home School Community Liaison Scheme (HSCL) and the School Completion Programme (SCP), both provided to the majority of DEIS Schools.⁶ The HSCL Scheme involves a HSCL Coordinator who works specifically with the parents of the students acknowledging and developing the role of the parent as prime educator while the SCP provides assistance to those students identified as being most at risk of leaving school early. There are also a range of initiatives provided under DEIS which also help tackle ESL such as the School Meals Programme and enhanced guidance counsellor allocation.

In addition to universal supports provided to all schools, specific supports are provided to learners at risk of educational disadvantage. Those specific supports increasingly follow a needs-based approach with an emphasis on inclusion. The DEIS Plan contains actions which seek to assist specific groups of children at greatest risk of educational disadvantage. This

⁶ The HSCL Rural Co-ordinator Service was discontinued with effect from 31 August 2011 at which point 46 coordinators were deployed in the service. Access to the SCP has not yet been extended to the 79 schools which were included in the DEIS programme for the first time in 2017.

includes children from areas of socio-economic disadvantage and members of the Traveller/Roma communities. For example, in addition to existing Traveller-specific supports to schools, the Department of Education and Skills is supporting a two year pilot programme to target attendance, participation and retention in specific Traveller and Roma communities as part of an action under the National Traveller and Roma Inclusion Strategy. A target of increasing the number of Irish Travellers in higher education to 80 by 2019 has also been set under the National Plan for Equity of Access to Higher Education 2015-2019. There is emerging evidence that progress is being made on reaching this target.

Special needs education

The Government is committed to ensuring that children with special educational needs are enabled to fully participate in schools and fulfil their potential. Expenditure on special education has grown significantly in recent years, with over €1.75 billion spent on special educational provision by the DES in 2018 – up 43% since 2011, and almost 19% of the total DES budget. In Budget 2019, the Government provided:

- 101 extra teachers in special classes
- 950 new Special Needs Assistant posts
- €4.75 million in funding to commence implementation of the Comprehensive Review of the Special Needs Assistant Scheme
- Administrative Deputy Principals for special schools with effect from September 2019, where special schools have a principal plus 15 or more additional teachers
- 10 additional NEPS psychologists

In-School and Pre School Therapy Demonstration Project

A demonstration project to provide in-school and pre-school therapy services has been taking place over the course of the 2018/19 school year.

The project has been developed by the Departments of Education and Skills, Children and Youth Affairs, Health, and the Health Service Executive and is being managed and coordinated by the National Council for Special Education.

The purpose of the project has been to test a model of tailored therapeutic services by providing speech and language and occupational therapy within 'educational settings'. This innovative pilot complements existing HSE funded provision of essential therapy services.

It is taking place in the Health Service Executive (HSE) Community Healthcare Organisation (CHO) 7 Region of South West Dublin, Kildare and West Wicklow.

75 schools, including a representative sample of primary, post primary, and special schools have been taking part. 75 pre-school settings associated with primary schools participating in the project have also been included. In total, 150 settings will participate in the demonstration project.

The project has provided for a clinical Speech and Language Therapy service delivery model of Specialist, Targeted and universal provisions in line with best practice for pupils which will see them receiving services along a continuum of provision depending on the extent or severity of needs of the child/pupil.

The project is being evaluated over the course of the 2018/19 school year. This evaluation will inform any considerations regarding potentially extending the model to other areas or regions.

School Inclusion Model

In February 2019, the Irish Government approved the trialling of a new model for students with special educational and additional care needs for the 2019/20 school year. The 'School Inclusion Model' pilot aims to build schools' capacity to include students with additional needs and to provide a wider range of assistance for students, including therapy, behaviour, nursing and psychological services.

The pilot is designed to provide an enhanced model, providing better outcomes for students with additional needs while also providing an opportunity for review and evaluation of proposals to ensure we are providing the most effective and efficient service to those requiring additional help. The School Inclusion Model is a collaboration across the Departments of Education and Skills; Health; Children and Youth Affairs; the National Council for Special Education; and the Health Service Executive.

Policy Advice on Education in Special Settings

The Minister for Education and Skills recently requested the National Council for Special Education to undertake policy advice on the educational provision that should be in place for students educated in special schools and classes and make recommendations on the provision required to enable students in special schools and classes achieve better outcomes.

The NCSE have been asked to complete and submit its report to the Minister for Education and Skills no later than June 2020.

The National Access Plan

The Progress Review of the National Access Plan reported that there has been an increase of participation in higher education from the non-manual worker group from 27% and the semi/unskilled manual worker group to 36% of the 18-20 age cohort of higher education students. It also reported an increase in the percentage of people in higher education with a disability from 6% to 10% of the total student population. In light of the progress made, where targets have been exceeded, and in order to allow implementation of an Access Data Plan, the plan has been extended to 2021.

The next phase to the plan will include the development of an action plan for increasing traveller participation in higher education and an evaluation of our PATH initiatives to ascertain their impact on the target groups defined in the National Access Plan.

Tertiary Education

When learners leave school before the completion of upper secondary education, a range of initiatives are in place to assist them in re-engaging with and progressing in learning, including the Youthreach programme, delivered through the 16 Education and Training Boards, offering accredited provision for early school leavers and assistance delivered through the National Plan for Equity of Access to Higher Education.

Although 80% of Irish school leavers progress to Further Education and Training or Higher Education, the Irish Government is also conscious of the need to offer a wider range of post school options to learners. A central element of Ireland's approach is the expansion of the apprenticeship system into a range of new sectors of the economy as set out in the Action Plan to Expand Apprenticeship and Traineeship in Ireland 2016-2020. Apprenticeship

registrations have grown by almost 80% over the first three years of the plan and ambitious targets are in place for the strategy period. This growth has been achieved through increased registrations in existing apprenticeships and through the development of a range of new apprenticeships at various levels of the National Framework of Qualifications. Twenty of these new apprenticeships are now in place, bringing the overall number of programmes to 45, with further apprenticeships in the pipeline.

Adult Literacy

In the National Skills Strategy 2025, targets are set to reduce the percentage of adults scoring at level 1 in the PIAAC survey from a baseline of 17.5% to 12% by 2025, and to increase the percentage of adults scoring at levels 2, 3 and 4 in the PIAAC survey from a baseline of 44% to 50% by 2025. The delivery and enhancement of adult literacy and numeracy provision is being driven through the implementation of the Further Education and Training (FET) Literacy and Numeracy Strategy which is contained in the FET Strategy 2014-19. The Department of Education and Skills, along with SOLAS, the Education and Training Boards (ETBs) and partner agencies are collaborating on the ongoing development and enhancement of the structures required to progress its implementation

4.5 Target 5 - Poverty

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

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

The principles outlined in the Social Pillar can act as a blueprint laying out the vision for EU social policy in the coming decade. They are broad enough in scope to encompass most challenges ahead even in the context of changing political and economic environments. Ireland supports the Social Pillar and is continuing to develop and introduce a range of policies, such as parental benefit, which are closely aligned to its principles.

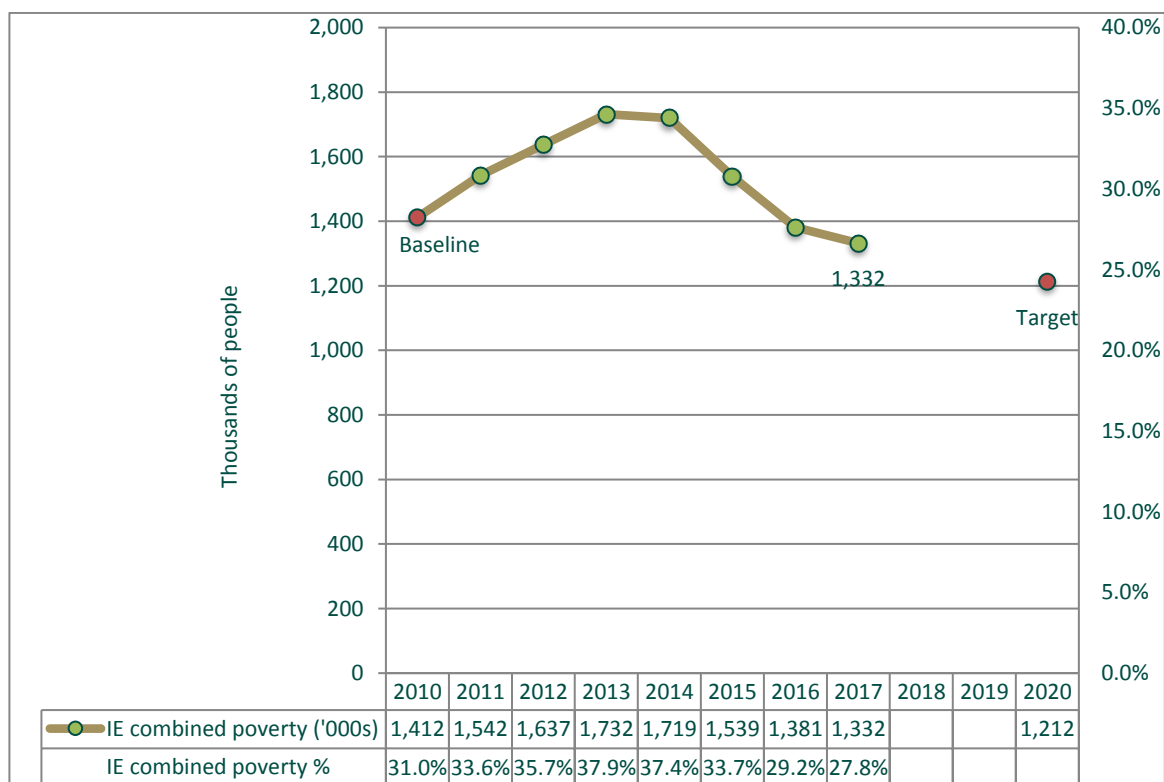
Since 1997 Ireland has developed national anti-poverty strategies to provide a strategic framework to tackle poverty and social exclusion. The most recent National Action Plan for Social Inclusion 2007-2017 (NAPinclusion) adopted a strategic framework to facilitate greater coordination across Government Departments at local and national levels. It was based on a lifecycle stage approach with goals set for each group: children; people of working age; older people and people with disabilities; and communities. An independent review of the implementation of NAPinclusion will be finalised in 2019.

The Department of Employment Affairs and Social Protection is currently finalising the successor to NAPinclusion. The new strategy will be a six year whole-of-government programme, which will assemble in one place the range of policy initiatives across government departments designed to reduce poverty and increase social inclusion. While income provisions will continue to be an important factor in reducing poverty, under the new strategy, there will be an increased focus on the role of service provision and access to quality services in reducing poverty and improving social inclusion. The strategy will be published in Quarter 2 2019.

Progress towards the national social target for poverty reduction is reported annually in the Social Inclusion Monitor (SIM). Work has begun on the latest Monitor, which is based on the 2017 CSO Survey on Income and Living Conditions. In 2017, incomes rose by 2.9% mainly due to rising employment, the deprivation rate fell for the third year running, and 25,000 children were lifted out of consistent poverty.

There was an improvement in ‘combined poverty’, the Irish contribution to the Europe 2020 poverty target, with the rate falling from 29% in 2016 to 27.8% in 2017 – see Figure 1. This equates to 1.32 million people and therefore a further 120,000 people will have to be lifted out of combined poverty to meet the Europe 2020 target.

Figure 1: Ireland’s contribution to the Europe 2020 poverty target



Source: SILC, various years

The Survey on Income and Living Conditions (SILC) includes national poverty indicators, such as the ‘at risk of poverty’ rate, the consistent poverty rate and rates of enforced deprivation.

The 2017 SILC data, published in December 2018, showed a significant improvement in the main poverty indicators, including:

- Consistent poverty (the percentage of the population that is both at-risk-of-poverty and experiencing basic deprivation) fell to 6.7%, a significant reduction on the 2016 rate of 8.2%.
- The basic deprivation rate decreased by 2.2 percentage points to 18.8%; a continuation of the yearly decline in this rate since the peak level of 30.5% in 2013.
- The rate of consistent poverty among children fell to 8.8%%, from 10.9% in 2016.

Comparable Eurostat data for 2017 show that social transfers continued to perform strongly in Ireland, reducing the at-risk-of-poverty rate from 32.9% to 15.6%, a poverty reduction effect of 53%. Ireland's performance in reducing poverty was far in excess of the EU-28 norm of 34% and above the 42% reduction achieved in the UK. Ireland ranks 2nd of the 28 members states in the EU for reducing poverty through social transfers.

While the latest results point to the improvements in living conditions and in tackling poverty, there is further progress to be made to achieve the national social target for poverty reduction. Given the continuing employment growth and economic recovery throughout 2018 and actions introduced in Budgets 2018 and 2019, figures for those years (when they become available) should show further improvements.

Actions to tackle poverty

Budget 2019 contained a series of actions to tackle poverty and:

- Increased the weekly rates of payment for all payments with proportionate increases for qualified adult dependents;
- Raised the income disregard for one-parent family payment and Jobseeker's Transitional Payment recipients;
- Created a new maintenance disregard in respect of housing costs for families in receipt of the Working Family Payment (previously known as Family Income Supplement); and
- Increased the weekly rate for qualified child dependents.

- The national minimum wage was also increased to €9.80 per hour
- €150 million extra for Disability Services, bringing total funding in this area to almost €2 billion
- Provision of funding to commission research in 2019 on the additional costs of living with a disability
- The introduction of a new paid parental leave scheme to provide two extra weeks' leave to every parent of a child in their first year
- A €25 increase in the Back to School and Clothing Allowance rates
- Increases in the thresholds for the Affordable Childcare Scheme.
- An additional €84 million for Mental Health Services, bringing the total mental health budget to €1 billion

The impact of those changes, along with income tax changes, was shown in the *Social Impact Assessment of Budget 2019*, using the ESRI tax/benefit model SWITCH, with average household income increasing by 0.7% (€7.40 per week). The bottom two income quintiles gained most, with smaller gains among the middle and top quintiles. The assessment found there were gains in income across all family types, with non-earning households gaining most. Non-earning couples with children, lone parents, singles and couples with no children gain the most at 3.3, 3.1, 2.9 and 2.5 per cent respectively. The Budget provided greater rewards for working, with over 77% of the unemployed substantially better off in work. Social transfers continued to perform strongly in reducing poverty with an estimated 0.2 percentage point reduction in the population at-risk-of-poverty, as a result of the Budget.

5. EU Funds

Ireland has been allocated €3.36 billion in European Structural and Investment Fund (ESIF) for the 2014 – 2020 programming period comprising of approximately €2.19 billion for the European Agricultural Fund for Rural Development (EAFRD), €147 million for the European Maritime and Fisheries Fund (EMFF) and just over €1.2 billion for the Structural Funds i.e. the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the European Territorial Co-operation (ETC) programmes.

Of the €1.2 billion (in current prices) for Structural Funds (ERDF (including ETC) and ESF), €411 million is for the two ERDF co-funded Regional Programmes and €545 million is for ESF co-funded programmes. There is also an additional €68 million provided for the *Youth Employment Initiative* which is programmed through the ESF programme. The balance (€169 million) is for European Territorial Co-operation programmes including; the PEACE Programme, the Ireland/Northern-Ireland/Scotland Interreg Programme, the Ireland/Wales cross border Programme; and other transnational programmes.

Consistency between ESIF spending priorities and CSRs/Europe 2020 targets

In accordance with the regulations governing the ESIF, Ireland prepared a Partnership Agreement which assessed its development needs and defined national priorities to assist in its *National Reform Programme* and the achievement of national targets for delivering the *Europe 2020 Strategy for Smart, Sustainable and Inclusive Growth*. On 18 November 2014 the Government and the European Commission both approved Ireland's Partnership Agreement for the European Structural & Investment Funds for the period 2014-2020. This now constitutes a set of binding commitments from Ireland for the programming, which are fully consistent with Ireland's *National Reform Programme*.

The funding priorities identified for Ireland's ESIF programmes take account of the *Europe 2020 Strategy*, the *National Reform Programme* and our national consultation

In line with these, Ireland has decided the following funding priorities for the 2014-2020 period:

- Promoting jobs and growth;

- Combating unemployment and social exclusion;
- Promoting R&D and ICT investment and the competitiveness of the business sector; and
- Promoting an environmentally-friendly and resource efficient economy.

With regard to CSR 3 and the findings in the 2019 Country Report on fostering Research & Innovation and small and medium-sized enterprises' competitiveness (Box 2.1), Digitisation (4.4.1 and 4.4.2) and Climate Action (4.4.2) it should be noted that for ERDF at least 80% of resources at national level have been allocated to:

- Research and innovation;
- Information and communication technologies (ICT);
- The improvement of the competitiveness of Small and Medium-sized Enterprises (SMEs); and
- The shift towards a low-carbon economy (energy efficiency).

At least 20% of ERDF resources had to be allocated to the low carbon economy priority. In addition, at least 5% of ERDF resources had to be allocated for integrated programmes relating to sustainable urban development. In fact Ireland chose to devote 20.6% of its ERDF resources to the low carbon economy, and almost 10% for Sustainable Urban Development. With regard to CSR 2 and the findings in the 2019 Country Report on Labour Market (4.3.1) and Education and Skills (4.3.3), for the ESF at least 80% of resources at national level have been allocated to:

- Promoting sustainable and quality employment and labour mobility;
- Education, training and life-long learning; and
- Promoting social inclusion and combating poverty and discrimination.

27% of the total ESF allocation has been directed to promoting social inclusion and combating poverty and discrimination.

Ireland's ESF Programme for Employability, Inclusion and Learning 2014-2020 emphasises skills development for active participation in the labour market, particularly among the

unemployed. Specific projects assist business women and those wishing to re-enter the labour market, while the Ability programme is a new pre-activation programme for young people with disabilities. The Youth Employment Support Scheme is a new work experience programme targeted exclusively at young jobseekers. There is also a strong focus on social inclusion plans. The Social Inclusion and Community Activation Programme aims to reduce poverty and promote social inclusion and equality, by assisting Programme Implementers that work with the most disadvantaged and the hardest to reach in communities. The ESF priorities are closely aligned with the employment and tertiary education EU 2020 targets. While Ireland's early school leaving rate is among the lowest in Europe, the ESF/YEI co-financed Youthreach Programme assists those who left school early.

With regard to the findings in the 2019 Country Report on EU funds contribution to fostering growth and competitiveness in Ireland (Country Report Ireland Box 2.1), under Ireland's *Rural Development Programme* (RDP) for the period 2014-2020, a fund of over €4 billion (including €2.19 billion of EAFRD funding) will be spent on a range of solutions designed to enhance the competitiveness of agriculture and the sustainable development of the rural economy. The ranges of solutions in the RDP include:

- Significant investment in implementing in an integrated manner a range of environmental, biodiversity and climate change objectives;
- Targeted investment in developing the knowledge base in the sector and promoting innovative approaches and techniques;
- Broad based assistance for a range of capital investments designed to underpin the efficiency and competitiveness of the sector; and
- Continued assistance for delivery via the LEADER model of a range of plans to fulfil wider rural development objectives

Moreover, the Operational Programme financed by the European Maritime and Fisheries Fund (EMFF) in Ireland aims at achieving its national development priorities along with the EU's *Europe 2020* objectives. The Programme will assist with the general reform of the EU's *Common Fisheries Policy* and the development of its *Integrated Maritime Policy* in Ireland. Almost €240 million will be spent through the Programme over the period 2014-2020 including €147 million in EU Funding.

While this section of the National Reform Programme is primarily focused on the current programming period ending in 2020, the 2019 Country Report saw the introduction for the first time of an additional Annex setting out Investment guidance on Cohesion Policy funding for the next programming period – 2021 – 2027.

5.1 Annex D

The 2019 Country Reports have been refocused with a view to contributing to the strengthening of the link between cohesion policy funds and the European Semester. To this end they contain certain new elements including:

- a more in-depth analysis of the investment needs and investment gaps in each country;
- an increased focus on regional disparities within Member States; and
- the introduction of a new Annex D: Investment Guidance on Cohesion Policy Funding 2021-2027.

The new Annex sets out the preliminary Commission services views on priority investment areas and framework conditions for effective delivery for the 2021-2027 Cohesion Policy. These priority investment areas are intended to be derived from the broader context of investment bottlenecks, investment needs and regional disparities assessed in the report.

This Annex is intended to provide the basis for a dialogue between Ireland and the Commission services in view of the programming of the cohesion policy funds (European Regional Development Fund, European Social Fund Plus).

Ireland notes the introduction of Annex D. As a general principle, Ireland sees merit in linking programming decisions with relevant CSRs, where this is appropriate. This can be particularly useful at the beginning of a programming period, and at the interim review stage. However, it is important to note that the medium to long term focus of Cohesion projects does not always align with an annual timetable of the European Semester. It is also important to bear in mind, for countries such as Ireland, in receipt of allocations which are small in relative terms, that the ability of the Funds to fulfill our investment needs is limited. While the Annex is useful as a basis for dialogue it is also important that other potential investment options are not excluded at this stage, for example the absence of Policy Objective 2– A Greener Europe which is currently absent

6. Institutional issues and the role of stakeholders

The preparation of this *National Reform Programme* was coordinated by the Department of the Taoiseach in partnership with all relevant Departments.

Stakeholder engagement is an important part of the procedure. The Department of the Taoiseach coordinated central engagement with a range of stakeholders following publication by the European Commission of the Country Report on Ireland on 27th February.

The Joint Oireachtas Committee on European Affairs was offered an opportunity to discuss the EU Semester and was invited to share its views on the EU Country Report to inform the preparation of the NRP. In its response, the Joint Committee acknowledged the importance of the European Semester process and asked that in future there would be an earlier engagement with members as part of the Semester process. It has been confirmed to the Committee that an approach to facilitating earlier engagement during the Semester Cycle in the future will be agreed with the Committee, taking account of EU Commission deadlines.

The Joint Committee also circulated to Sectoral Oireachtas Committees inviting their observations. Response were received from the Joint Committee on Education and Skills, the Joint Committee on Children and Youth Affairs and the Joint Committee on Housing, Planning and Local Government. Their responses will be published in full with the stakeholder responses on the Government website.

Each of these Committees welcomed the opportunity to contribute to the EU Semester process.

The Joint Committee on Housing Planning and Local Government provided a detailed submission in response to the Country Report highlighting the Committee's view that Housing and Homelessness is the most significant challenge confronting the state. It comments on a range of elements in the Country Report and acknowledges the Commission's view that some progress has been made but highlights levels of homelessness as unacceptable and recommends the establishment of a Taskforce to address this. It also recommend that housing provision and policy formulation should be aligned with the tenets in the European Pillar of

Social Rights. Other issues highlighted by the Committee as a cause for concern include rising rents, house price increases and affordability issues, potential skills shortages in the construction sector and regional disparities. It expresses support for the Residential Tenancies Amendment No. 2 Bill 2018, the roll out of new affordable accommodation schemes, additional construction of affordable housing on publicly owned land, the establishment of the LDA, the Services Sites Fund and the regeneration development fund. The Committee recommends that in the context of the Structural Reform Programme, if requested the Commission should provide tailor made technical support to Ireland to address the housing challenges and also that the Commission provide for some degree of flexibility with the Stability and Growth Pact to allow additional investment by the Irish Government in housing.

The Joint Committee on Children and Youth Affairs noted that affordable childcare stays an important priority issue for the Committee and its work programme for 2019 includes consideration of the Affordable Childcare Scheme and other issues that impact on children.

The Joint Committee on Education and Skills have agreed to amend its Work Programme for 2019 to include specific topics related to Promoting Digital Skills and Literacy in Adults. In addition, it is the Committee's intention that these topics would be the subject of a consultation process with stakeholders' engagement which may include public hearings.

Other Stakeholders consulted included regional representatives, representatives of employers, trade unions, the farming community, community and voluntary organisations, and environmental organisations.

Submissions were received from 13 groups, a summary of which is included in Annex 1:

- Better Europe Alliance
- Community and Voluntary Pillar
- European Anti-Poverty Network Ireland Policy Group
- Irish Congress of Trade Unions
- Irish Business & Employer Confederation
- Irish Creamery Milk Suppliers Association

- Irish Environmental Network
- Irish Farmers Association
- Social Justice Ireland
- Society of Vincent De Paul
- Southern Regional Assembly
- The Northern & Western Regional Assembly
- The Eastern & Midland Regional Assembly

Each of the submissions was circulated to relevant Government Departments and stakeholder views were considered in the preparation of this NRP and subsequently a draft NRP was circulated to stakeholders for their views. The engagement by external stakeholders was very welcome. In many instances, the stakeholder submissions advocate new or different policy initiatives in particular areas, which require further consideration. In such circumstances, those views have been circulated to relevant Departments for their consideration in the context of future policy development.

Stakeholder feedback indicated that some organisations would welcome enhanced consultation including more time to respond to requests for input. Currently this is constrained by the relatively short period between the production of the EU's Country Report and the NRP deadline. However reflecting stakeholders concerns, an enhanced opportunity to input will be introduced in advance of the finalisation of next year's NRP.

The NRP was brought before Cabinet and approved on 16th April 2019.

Beyond the immediate focus of the preparation of this NRP, engagement at sectoral and departmental level is encouraged with regard to the policy in Ireland. The Government regularly consults with relevant stakeholders across a range of policy areas through standing formal groups and through open public submissions as part of the development of specific policies.

Some examples of ongoing engagements include:

The **National Economic Dialogue** held annually in Dublin Castle is an important element of Ireland's budgetary framework. It is structured around plenary sessions, chaired by an independent moderator and smaller break-out sessions on specific themes. The objective of the dialogue is to facilitate an open and inclusive exchange on the competing economic and social priorities facing the Government as part of the preparations for the Budget. Representatives of community, voluntary and environmental groups as well as the Oireachtas, business, unions, research institutes, the academic community and the diaspora were in attendance.

The **Brexit Stakeholder Forum** which meets every 4-6 weeks, brings together important stakeholders with a view to regularly updating members on the progress of Brexit negotiations, facilitating the sharing of sectoral concerns to enable wider understanding of Ireland's overall priorities for negotiations and providing a platform for sectoral and EU expertise to underpin the Government's comprehensive and cohesive approach to Brexit.

The **National Future Jobs Summit** was held in November 2018. The purpose of the summit was to bring together important stakeholders from academia, Government, industry, representative bodies, semi-State bodies and other interested parties with a view to exchanging ideas about the design of and to provide input to Future Jobs 2019 before its launch in March 2019.

The **National Economic and Social Council (NESC)** meets on a regular basis and advises the Taoiseach on strategic policy issues relating to economic, social, and sustainable development. The NESC provides a forum for multilateral dialogue on the economic, social and environmental challenges facing the country and plays an important role in developing a shared understanding between Government and stakeholders on important policy challenges.

The Council's current work programme focuses on the areas of Low Work Intensity Households, Climate Change and Land Value, Land Use and Urban Development. Members include representatives from business and employer interests, ICTU, farming and agricultural interests, community and voluntary sector, environmental sector, public servants and independent experts.

The **National Competitiveness Council** (now also Ireland's National Productivity Board) reports to the Taoiseach and the Government, through the Minister for Business, Enterprise and Innovation, on significant competitiveness issues facing the Irish economy and offers recommendations on policy actions required to enhance Ireland's competitive position. Members include representatives of the employer and trade union social partnership pillars, people with relevant expertise in competitiveness and a representative of the Department of Business, Enterprise and Innovation. Representatives from other Government Departments attend Council meetings in an advisory capacity.

The **Expert Group on Future Skills Needs** is the independent, non-statutory body, which advises the Irish Government on the current and future skills needs of the Irish economy. It includes representatives from business, the trade union movement, Ireland's education and training agencies, enterprise development agencies and Government Departments. The Group undertakes research, analysis and horizon scanning for emerging skills requirements at thematic and sector levels and presents its findings to the National Skills Council, which works to enhance the response to the education and training system to the provision and delivery of identified skills needs.

The Government established the **Labour Employer Economic Forum (LEEF)** in July 2016 as a formal structure for dialogue with representatives of employers and of labour on economic and social policies as they affect employment and the workplace. The Forum is sponsored by the Minister for Finance and Public Expenditure and Reform, the Minister for Business Enterprise and Innovation and the Minister for Employment Affairs and Social Protection. The LEEF meets on a quarterly basis with a format that includes a standing item on Brexit and a further discussion on a topical issue. Topics discussed in the past year include *Project Ireland 2040*, housing and pension reform.

The **National Skills Council** and the **Regional Skills Fora** were established by the Department of Education and Skills as part of the *National Skills Strategy 2025* and *Action Plan for Education 2016-2019* commitment to develop a new skills architecture. Established in 2017, the National Skills Council is made up of members from the public and private sector who advise on the existing and future skills needs of our economy and society. The nine *Regional Skills Fora* were established in 2016 and provide a structure for enterprise, employers and the education and training system to work together to respond to the identified skills needs of their regions.

The **Retail Consultation Forum** was established in 2014 by the Department of Business, Enterprise and Innovation and provides a platform for engagement between retail representative bodies, retailers and the public sector on central concerns for the retail sector, including skills and Brexit. It meets quarterly and is chaired by the Minister for Business, Enterprise and Innovation.

6.1 Annex 1

A summary of stakeholders' submissions is provided below. Please note that this is not exhaustive and the full submissions are available on the Gov.ie website. These submissions were also circulated to the relevant Government departments and will be considered in the context of future policy development.

Organisation	Summary of Issues raised	Summary of Proposals
Better Europe Alliance	<p>Stakeholder Engagement</p> <ul style="list-style-type: none"> • Government Departments have very limited engagement with the EU Semester process – only focussing on coordination. It is left to specific departments to engage separately on different policy areas. • As above re Government's National Economic Dialogue on the national budget. <p>Climate Change</p> <ul style="list-style-type: none"> • 2015-2017 Submissions from BEA not taken on board. • NDP/NPF needs to be climate proofed. • Biodiversity: complete absence of any reference to biodiversity, despite its designation by the UN as a major threat to security of global food supply as 'ecosystems are facing catastrophic collapse' from insect extinction. • Energy efficiency: <ul style="list-style-type: none"> ○ target date for deep retrofits at 2050 is too late, as lack of trained operatives; ○ Private rental sector has highest proportion of bad BER ratings, than local authorities and owner-occupied homes (VPSJ Report 2014); ○ energy efficiency schemes have low uptake by low income households ; 	<p>Stakeholder Engagement</p> <ul style="list-style-type: none"> • Ensure balance and recognise interdependence between economic, social and environmental policy. • Improve engagement in the semester process across the range of stakeholder at national level. <p>Climate Change</p> <ul style="list-style-type: none"> • Ireland must carbon proof the NDP/ NPF and ensure investment decisions, especially in transport and spatial planning, are consistent with long-term climate emissions pathways. • A well-designed environmental taxation system should be accompanied by (i) investment in energy efficiency schemes, income supports, renewable energy and transport, and (ii) a national dialogue on a 'Just Transition'. • Biodiversity must be included in NDP/NPF. • Energy Efficiency: <ul style="list-style-type: none"> ○ Set earlier target date for deep retrofits and urgent training for operatives; ○ For private rentals: Introduce a minimum BER threshold below which a dwelling is unfit for letting. ○ Promote energy efficiency schemes to low income households, via energy and deep retrofit companies. ○ Expand the Better Warmer Home Scheme to those in receipt of One Parent Family Payment or Disability allowance.

Organisation	Summary of Issues raised	Summary of Proposals
	<ul style="list-style-type: none"> • Climate Change: Not meeting environmental targets, too slow to act. Short-term sectoral interests are being prioritised over sustainable future. • Agriculture , Forestry and other Land Use: <ul style="list-style-type: none"> ○ Too much focus on producing, promoting and consuming meat and dairy in Ireland. ○ Complete absence of national programme for protecting greenhouse gas sinks and reservoirs. ○ Ammonia gas emissions in agriculture are increasing since 2016 – not decreasing. <p>Investment</p> <ul style="list-style-type: none"> • Ensure that Ireland’s fiscal commitments under the Fiscal Compact and the Growth and Stability Pact do not inhibit Ireland’s investment strategy. • Ireland must maximise its fiscal space as much as possible as afforded by the fiscal rules. <p>Amend the fiscal rules to:</p> <ol style="list-style-type: none"> i. better accommodate shift level increases in social and physical investment spending and to exclude that spending from the structural deficit target. ii. exclude public investment in social infrastructure (in areas such as health, education, social housing and childcare) from the 3% public deficit threshold. <ul style="list-style-type: none"> • Fossil fuel subsidies continues to be significant e.g. biomass subsidy is indirectly subsidising continued peat combustion at 2 plants. <p>Taxation and Expenditure</p> <ul style="list-style-type: none"> • Recurring cost persists to service the national debt via current taxation revenues • Erosion of National Pension Reserve Fund (NPRF) which has been used to fund various bank rescues. 	<ul style="list-style-type: none"> • Draft NECP: Completely revise this plan to deal with the Summary of Issues, as outlined in this submission. • • Agriculture, Forestry and other Land Use: <ul style="list-style-type: none"> ○ Deal with demand for meat and dairy is the only viable solution to reducing GHG emissions while simultaneously deriving public health benefits; ○ Introduction of national programme for protecting and enhancing greenhouse gas sinks and reservoirs, wetlands; ○ Develop policy to deal with ammonia gas emissions in agriculture sector. <p>Investment</p> <ul style="list-style-type: none"> • Ensure that Ireland’s fiscal commitments under the Fiscal Compact and the Growth and Stability Pact do not inhibit Ireland’s investment strategy. • Ireland must maximise its fiscal space as much as possible as afforded by the fiscal rules. Amend the fiscal rules to: <ol style="list-style-type: none"> i. better accommodate shift level increases in social and physical investment spending and to exclude that spending from the structural deficit target. ii. exclude public investment in social infrastructure (in areas such as health, education, social housing and childcare) from the 3% public deficit threshold. • Redirect fossil fuel subsidies to decarbonisation, while ensuring adequate income protection and other supports for workers who may be impacted <p>Taxation and Expenditure</p> <ul style="list-style-type: none"> • Publish the annual review and analysis of tax expenditures prior to the Budget and present it to the Oireachtas Committee on Budgetary Oversight for discussion and consideration.

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	<ul style="list-style-type: none"> • Return from rescued banks is very small relative to funds committed to public pensions and will require additional taxation resources. • Aggressive tax planning by companies in Ireland is causing volatility. <p>Pillar of Social Rights & UN CRPD</p> <ul style="list-style-type: none"> • This Pillar is too narrowly applied in the CSR as a means to assess progress on social and employment policy against the Pillar's 20 principles/rights. • The method for monitoring the implementation of this Pillar is limited to comparing Ireland's progress to the EU average across 14 headline indicators – does not examine ambition to deliver the 20 principles/rights. • Notable change in 2018 in income inequality from 'average' to 'watch' indicating benefits of the economic upturn are not being distributed equally. <p>Poverty</p> <ul style="list-style-type: none"> • The National Action Plan for Social Inclusion has been delayed by Government – not mentioned in CSR. • Social transfers are reducing poverty, but are still below the 2017 poverty line. • Deal with household joblessness is not the solution to reduce all poverty types. • Main Concern: In work poverty – Findings in SVP Report 'Working Parenting and Struggling (March 2019). In work poverty – median income is increasing, but the lowest incomes are remaining stable. <p>Housing</p> <ul style="list-style-type: none"> • Country Report analysis is correct with regard to homelessness and housing. 	<ul style="list-style-type: none"> • Ensure all Department of Finance expenditure and revenue projections incorporate CSO demographic projections. • Increase and significantly broaden overall taxation now and in to the future in line with EU average and changing demographics. <p>Pillar of Social Rights & UN CRPD</p> <ul style="list-style-type: none"> • The National Reform Programme and Country Report should all include specific mention of policies and legislation which are central to implementing the UNCRPD as well as the relevant provisions of the UN CRPD, under each relevant section. Particular consideration should be given to: <ul style="list-style-type: none"> o The rate of poverty amongst people with disabilities in comparison to the wider population o Living in the Community – Appropriate housing and Community-based Services o Inclusive Education and Training systems o Inclusive Labour Markets. <p>Poverty</p> <ul style="list-style-type: none"> • The new National Action Plan for Social Inclusion must be an ambitious and integrated anti-poverty strategy. It must be designed and implemented with the participation of people affected by poverty at all stages. • Deal with household joblessness is not the solution to reduce all poverty types – an integrated approach to poverty such as child poverty as taken in 2013 EU Recommendation for Investing in Children and breaking the cycle of disadvantage' and implementation of Ireland's 'Our Children – Their Lives'. • Consultation must take place immediately following Social Welfare, Pensions and Civil Registration Act 2018. <p>Housing</p> <ul style="list-style-type: none"> • Implement the 'Housing First' model more widely, alongside more ambitious targets.

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	<ul style="list-style-type: none"> • Families spending significant periods in emergency accommodation effecting educational needs of children and food poverty. • Credit based Government initiatives are only serving to inflate house prices e.g. Help-to-Buy Scheme, leading to limiting access to housing in the long term. • Rebuilding Ireland Home Loan Scheme - mortgage provision at a rate of up to 500% is repeating mistakes of the past. • HAP - high cost to State, no security of tenure to tenant - only short-term policy to respond to a long term housing need. • HAP – not value for money – cheaper for State to do a direct build social housing unit. • Tenants in receipt of HAP not appearing as those seeking social housing supports. • Under-occupation of larger social homes coupled with lack of supply of single bed social homes indicates poor planning by local authorities and private housing bodies. • 25% of homeless are people with disabilities – particular difficulties need to be addressed. • Surveys and statistics relating to conditions of social housing stock by Local Authorities are not comprehensive and up to date. <p>Early Years Education and Care & Inclusive Labour Markets</p> <ul style="list-style-type: none"> • Comparatively high cost to parents of childcare and is a barrier to labour market entry. • Childcare workers receive low remuneration and career progression opportunities – below living wage and often part-time – precarious living – high turnover. 	<ul style="list-style-type: none"> • Amend legislation governing the provision of emergency accommodation (Section 10, Housing Act, 1988) to place a limit of 3 months on the length of time a family will spend in emergency accommodation of any kind • Ensure that families exit into secure and affordable accommodation from homelessness. • Limit use of credit-based initiatives by Government. • Ensure that that Central Bank loan-to-value and loan-to-income limits are strictly adhered to. • Introduce strategies by which rental increases can be more rapidly tapered, considering the limited impact of Rent Pressure Zones on rental prices. Ensure that households awaiting a transfer from HAP into social housing are captured in the Summary of Social Housing Assessments. • Introduce greater consistency with regard to rent schemes across Local Authorities and roll out Choice Based Lettings nationally. • Under-occupation of larger homes should be counterbalanced by applicable Local Authorities supplying single bed units for occupants in the same community. • Homeless with a disability should be provided with appropriate housing. • Deliver a Report on social housing stock of Local Authorities with surveys. • Review efficacy of the Vacant Site Levy and Compulsory Purchase Orders in freeing up land for residential use. <p>Early Years Education and Care & Inclusive Labour Markets</p> <ul style="list-style-type: none"> • Adopt a service-led model that prevails in the Early Childhood Education sector in other countries where the state subsidises wages

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	<ul style="list-style-type: none"> Irish Early Years sector is highly fragmented and providers raise fees to at least match their outgoings. Chronic low-spend jurisdiction in early years sector despite doubling of expenditure since 2015. <p>Wages, Decent pay and Precarious Work</p> <ul style="list-style-type: none"> Underemployment and precarious work are acting as a brake in overall wage growth. Deterioration on quality of work: (100,000) 25% of those in part-time work underemployed wish to work more hours in job that they have but this option is not available to them (esp. hospitality, retail etc) and 1 in 10 people are working in temporary contracts. Structural barriers are inhibiting people from taking up work – non-employment index developed by the Central Bank under ‘labour utilisation’ concept finds non-employment at 9.8% at the end of 2016. <p>Education</p> <p>Primary and Second Level</p> <ul style="list-style-type: none"> Growth in student numbers not taken in to account in expenditure on education. The Education (School Admissions) Bill was passed in May 2018, yet parents are continuing to be asked for payments from both primary and secondary school level. No additional funding in the budget for school book rental scheme. <p>Third Level</p> <ul style="list-style-type: none"> Progression rates in disadvantaged areas of Dublin stay notably low in comparison with wealthier areas of Dublin. 	<p>(along with non-labour costs) and which results in a free, universal service which is highly popular – 98 percent participation rate.</p> <ul style="list-style-type: none"> Under the employment target introduce sub-targets to deal with the structural inequalities in the labour market. Run a campaign to properly to deal with discrimination and other barriers in the labour market facing people because of their age; ethnicity; disability; family status; sexual orientation; socio-economic status. <p>Wages, Decent pay and Precarious Work</p> <ul style="list-style-type: none"> The Alliance believes that the Country report should urge the government to play a more active role in facilitating the establishment of JLCs to ensure living earnings, progression and security where there is need. Proposal for Country Specific Recommendations for Ireland and Ireland’s NRP <ul style="list-style-type: none"> Monitor and set targets at EU and domestic levels to reduce low-pay and precarious work. Call for the establishment of a JLC for the hotels sector, with a view to regulating pay and conditions through an Employment Regulation Order. Deal with structural barriers that inhibit higher labour market participation, e.g. quality affordable childcare and eldercare. <p>Education</p> <p>Primary and Second Level</p> <ul style="list-style-type: none"> Provide the requisite level of investment to deliver free primary and secondary education. Enhance supports under the DEIS programme to close the gap with non-DEIS schools. <p>Third Level</p>

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	<ul style="list-style-type: none"> • Current qualifying criteria for grant rates is many students at financial disadvantage in addition to increasing cost of living including travel. • Intergenerational transmission of low skills is continuing and education alone cannot solve this. <p>Further Education and Training</p> <ul style="list-style-type: none"> • 1 in 6 people in Ireland have low literacy levels • NSS literacy and numeracy targets are unfulfilled eg. • No financial support or incentive to return to education for QQI Level 1-3 <p>Health</p> <ul style="list-style-type: none"> • Sláintecare is welcome but not undertaking the required prior investment will mean that recurring problems in the health service will continue and exacerbated by an ageing population. • Serious concern that the ageing population is not being properly planned for in the health service eg. in 30 years the number people over 65 will double, together with longer life expectancy. • The public consultation on a Home Healthcare Scheme in 2017 has not been progressed. • Exceptional Needs Payments are inadequate for those who need to travel to access services. 	<ul style="list-style-type: none"> • Commit to publicly funded higher education including a commitment to annual increases to SUSI grants that reflect the cost of living. • Extend the SUSI grant for part-time students studying in publicly funded further and higher education and training institutions to promote lifelong learning and removing barriers to access and participation. • Government via Department of The Taoiseach needs to implement and oversee the National Action Plan for Social Inclusion, which will improve conditions for parents facilitating better outcomes for students. <p>Further Education and Training</p> <ul style="list-style-type: none"> • Develop a creative, ambitious and aligned Whole-of-Government Strategy for literacy, numeracy and digital skills over the next 10 years. • Establish a National Literacy and Numeracy Implementation Group with a specific task to develop, oversee and evaluate this strategy with a specific budget to allocate specific initiatives. <p>Health</p> <ul style="list-style-type: none"> • A health system with equal access for all and based on need rather than ability to pay needs to be a priority in healthcare. The two-tier system that currently exists should be removed. • Sláintecare needs adequate investment to ensure savings are made. • Resources – both Budget and Staff be made available for the full implementation of Sláintecare so that there can be a move towards primary and community care services in so that effective step down from acute hospital settings becomes a reality, admission to hospital and where effective and efficient treatment and rehabilitation can be accessed.
Community and Voluntary Pillar	<ul style="list-style-type: none"> • Brexit and the on-going uncertainty as to what exactly will happen is creating negative economic and social effects on Ireland. 	<ul style="list-style-type: none"> • Ensure protection of the vulnerable, that the right of everyone to an adequate standard of living and promotion of equality are at the core of all decisions made.

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	<ul style="list-style-type: none"> • Childcare costs are the highest in the EU. • The CVP continues to be disappointed that the new National Action Plan for Social Inclusion (NAPSI) has yet to be published. • There are growing requirements to ensure an appropriate response is put in place to the country's growing older population especially in the areas of pensions and healthcare. • Government will face additional costs in the years ahead to pay EU contributions and to fund any pollution-reducing environmental initiatives that are required by European and International agreements. • House price and rental inflation • The potential impact of housing shortages on our economic competitiveness • Credit-based Governmental initiatives, including the Help-to-Buy scheme, have simply served to inflate house prices in Ireland. • The increasing privatisation of social housing in Ireland is a serious concern. • Ireland is a long way from its Europe 2020 poverty target. • Ireland has made little progress towards reaching the target it set for 'combined poverty'. • Without the social welfare system just over 4 in every 10 people in the Irish population would have been living in poverty in 2017. • The learning needs of people over 64 years continue unrecognised and absent from Government training policies. • The number of families with children experiencing homelessness exceeded record numbers in 2018 • The Affordable Childcare Scheme is needed in Ireland because inequality of access to childcare is particularly pronounced. 	<ul style="list-style-type: none"> • Bring Ireland's total tax-take up to European average levels. • Prioritise investment in infrastructure and services to meet the needs of Ireland's growing and ageing population now and into the future. • Ensure long-term goals and policy coherence guide prioritisation of resources when dealing with the major deficits in economic and social infrastructure. • Protect and invest in social infrastructure. • A progressive universal healthcare system that deals with health inequalities. Full implementation of Sláintecare is essential; • A properly funded public transport system that connects the whole of the country; • A professional, well-regulated, accessible and quality early childhood care and education sector that provides equality of opportunity for parents on low incomes; • A properly funded education system that takes a lifecycle approach to learning, from early years to adult education; • A functioning, country-wide broadband system that meets the targets set in the Digital Strategy for Europe; • The development of sustainable, renewable energy sources to reduce Ireland's reliance on energy imports and fossil-based fuels. • Ireland's overall level of taxation will have to rise significantly in the years to come in order to deal with challenges in terms of infrastructure and services deficits. • Government needs to shift the focus from the balance sheet to securing a viable, sustainable, just and fair future for all. • CVP advocates a wider implementation of the 'Housing First' model. • Adopt adequate targets aimed at reducing poverty among particular vulnerable groups such as children, lone parents, jobless households and those in social rented housing. • Provisions for basic digital literacy education should also be included in the setting of any adult literacy target. • Set a more ambitious national target of 4% for reduction of early school leaving.

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	<ul style="list-style-type: none"> • While the Childcare Support Act 2018 sets out parental eligibility for childcare subsidies, it does not deal with affordability of childcare for parents. • Homecare services are in crisis in Ireland and waiting lists have been growing steadily. • Older workers continue to stay distant from the labour market and face challenges in finding, returning to, and remaining in work. 	<ul style="list-style-type: none"> • Adopt a more ambitious adult literacy target to reduce the proportion of the population aged 16-74 with restricted literacy to 5% by 2020; • Commit to the principle that long-term social housing need will be met through social housing provided by local authorities, voluntary housing bodies or some other new not-for-profit entities. • Legislate to end the long-term use of unsuitable emergency accommodation for children and families • Complete the Rapid-Build Programme as a matter of urgency. • The Government should publish and enact the Family Leave Bill in 2019 to provide for paid parental leave to be taken after maternity leave by both parents. • The Government should continue to increase investment in high quality early childhood care and education and SAC services in 2019, through the Affordable Childcare Scheme and the National Development Plan.
European Anti-poverty Network (EAPN)	<ul style="list-style-type: none"> • Focus is on poverty eradication and social inclusion. • Economic targets alone should not become defining measure of success in the EU. • Ireland has signed up to The European Pillar of Social Rights (EPSR). • Since the last (2018) CSR, the EU Institutions have proclaimed the EPSR with implementation to be conducted via the European Semester process. • Taxation & Investment <ul style="list-style-type: none"> ○ Ireland's economic growth inflated by presence of multinational companies (MNCs) at low corporate tax rate. ○ Increased concentration of overall taxation revenue on corporation tax in 2017-2018. ○ Volatility of corporate income tax continues to be a concern. • Impact Assessment & Budgetary Policy 	<ul style="list-style-type: none"> • Ireland to set out how it will implement the ESPR and UN SDGs within its European Semester process in the NRP Report. • Europe must consider a new strategy to replace ambitions of EU2020. • Ireland must seize the opportunity to become a figurehead Member State that meaningfully delivers on integrating ESPR and SDGs post-2020. • The Submission focuses on 6 areas for consideration: Tax and Investment; Impact assessment and budgetary policy; Poverty and Social Exclusion; Adequate Social Welfare; Employment; Engagement with the Semester Process. • Taxation & Investment <ul style="list-style-type: none"> ○ Broaden the tax base to fund essential public services eg. Budget 2020 ○ Specific policies need to be taken to deal with future needs of Ireland's aging population. • Impact Assessment & Budgetary Policy <ul style="list-style-type: none"> ○ Improve poverty impact assessment/monitoring by:

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	<p>Government's introduction of equality proofing as part of Budget 2018 and poverty proofing through the Single Affordable Childcare Scheme is welcomed, but need to expand on this for other schemes.</p> <ul style="list-style-type: none"> • Poverty & Social Exclusion <ul style="list-style-type: none"> ○ Although reduction in poverty is reported, the fall in poverty is not considered to be statistically significant. ○ Also, poverty rate above average in particular sections of society eg. children, ethnic minorities, homeless, travellers, refugees and migrants. ○ Government policy narrowly focussed on 'low work intensity' households – not on reducing barriers experienced by specific sections of society • Children <ul style="list-style-type: none"> ○ Measures introduced in Budget 2019 are not sufficient to reach national 2020 target. ○ Lone parent families particularly vulnerable. • Adequate Social Welfare <ul style="list-style-type: none"> ○ European Minimum Income Campaign advocates for income adequacy and the EAPN Poverty Fact Sheet 2018 sets out the importance of social welfare schemes as part of a functional society and undertakes a role as 'economic stabilisers'. ○ The Minimum Essential standard of living (MESL) (as per Vincentian Partnership) is not currently in place for social welfare benchmarking in Ireland. • Employment 	<ol style="list-style-type: none"> 1. Expanding poverty proofing; and 2. Including social economic status within equality budgeting. <ul style="list-style-type: none"> • Poverty & Social Exclusion <ul style="list-style-type: none"> ○ Adopt a holistic and integrated policy approach, rather than narrow focus on reducing unemployment in low work intensity households. ○ Expedite the National Action Plan for Social Inclusion (NAPSI). ○ Introduce sub-targets in the NAPSI for groups with higher than normal poverty levels. • Children <ul style="list-style-type: none"> ○ Recommendations of National Policy Framework for Children and Young People, 'Better Outcomes, Brighter Futures' should be implemented. ○ Provide strategies to deal with affordability and availability of childcare provision, affordable housing and healthcare in tandem with existing jobs activation. ○ Provide feedback from interdepartmental group on child poverty to stakeholders. • Adequate Social Welfare <ul style="list-style-type: none"> ○ Introduce the system of bench marking social welfare rates at a MESL rate following the introduction of the <i>Social Welfare, Pensions and Civil Registration Bill 2018</i>. ○ This must be done in line with a progressive tax system. • Employment <ul style="list-style-type: none"> ○ Deal with the needs of those distant from the labour market as outlined in EU's Active Inclusion Strategy.

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	<ul style="list-style-type: none"> ○ Current strategy of focussing on jobless households needs more balance to deal with needs of those distant from the labour market. ○ The culture of the Public Employment Service is negative and outdated eg. penalty charges. ○ Commitments in Pathways to Work are not yet implemented. ● Disabilities <ul style="list-style-type: none"> ○ Lowest participation in EU. ● Regional Disparities <ul style="list-style-type: none"> ○ Concentration of multinationals in Dublin causing lack of skilled employees in rural areas and in SMEs. ○ Lack of access to broadband in rural areas. ● Housing & Homelessness <ul style="list-style-type: none"> ○ Housing shortages ○ Homelessness crisis. ○ HAP and RAS exacerbating rent increases. ● Engagement with the Semester Process <ul style="list-style-type: none"> ○ Level of stakeholder engagement in the Europe2020 and European Semester process is not sufficient as it does not directly engage with marginalised communities and autonomous groups operating at local level. ○ This is causing a lack of consultation with local autonomous groups and marginalised communities in policy development at national level. 	<ul style="list-style-type: none"> ○ Take actions to change the culture of the Public Employment Service to a more positive, enabling and supportive one. ○ Take actions to ensure that culture of JobPath services and delivery of the Youth Guarantee is integrated and developed in parallel with Pathways to Work. ● Disabilities: <ul style="list-style-type: none"> ○ Implementation of the Comprehensive Employment Strategy for People with Disabilities ○ Implementation of Make Work Pay. ● Regional Disparities <ul style="list-style-type: none"> ○ Dedicated national approach to responding to employment needs including broadband provision, decentralisation of larger companies. ● Housing & Homelessness <ul style="list-style-type: none"> ○ Significantly increase capital expenditure on public housing programmes for family housing, general needs and special needs. ○ Establishment of an Independent Traveller Accommodation Agency to oversee provision of Traveller specific accommodation within a reasonable timeframe. ○ The under occupation of social homes should be evaluated as part of a long-term strategy in conjunction with tenants. ● Engagement with the Semester Process <ul style="list-style-type: none"> ○ Department of the Taoiseach needs to proactively organise opportunities for wider engagement with civil society and other stakeholders. ○ Other stakeholders should include those operating at local level, including marginalised communities and autonomous groups.
IBEC	<ul style="list-style-type: none"> ● Labour shortages will cause growth to slow in 2019. Many firms are now operating below capacity as they can't find workers to fill vacancies. ● More needs to be done for housing supply to meet demand. ● SMEs need assistance to grow 	<ul style="list-style-type: none"> ● Employment permits will need to be extended to deal with the labour shortages that are emerging and constraining the growth of the economy. ● The National Training Fund needs a major reorientation to develop demand-driven schemes that enable business to source state supported training services for existing and potential employees.

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	<ul style="list-style-type: none"> • The current funding model for higher education is unsustainable. • Student numbers increased and are expected to rise even further as the number of people of college-going age is set to grow. • Additional concrete policy deliverables are required to incentivise private investments in areas such as clean energy and transport. • A substantial shortfall against Ireland’s legally-binding 16% renewable energy target for 2020 is now unavoidable. • Our transport and heat sectors are still heavily reliant on imported fossil fuels. • Attraction and retention of talent is now the single biggest challenge facing Irish business. • Inadequate supply of affordable and quality housing is one of the main factors impacting on talent availability. • Growth in the number of non-Irish workers in construction over the past twelve months stood at only 3,800. This number will need to increase significantly over the coming years if we are to deliver on much needed housing and infrastructure projects. • Ireland has lower start-up rates (second lowest in the EU15) compared to the majority of our European neighbours. • Irish indigenous firms are well below ‘best in class’ when it comes to management, innovation and exporting. • Ireland has the third highest capital gains tax rate in the OECD, a stamp duty regime on shares which is the highest in the world and an R&D tax credit which is far too complicated and onerous for smaller firms to engage with. • The OECD highlighted that the productivity gap between indigenous SMEs and larger multinational organisations is widening. 	<ul style="list-style-type: none"> • A portion of the surging corporation tax receipts should be allocated to fund higher education. • Government should ring-fence carbon tax revenue to ensure that the renewable heat scheme has adequate funding. • Government must do more to reduce the cost of development land. • Conduct a review of the cost-benefit of regulation in the construction sector to ensure an effective but cost-efficient method of construction regulation. • Send a signal of intent to serial entrepreneurs by radically improving the CGT entrepreneurs’ relief by introducing a 12.5% rate with no lifetime cap on gains. • Renew confidence in the EII scheme by improving processing times, matching the UK’s €2 million annual limit on investment (currently €150,000 in Ireland) and ending the uncertainty caused by the current system of split relief with full relief given in the investment year. • Introduce a simplified pro-forma R&D tax credit scheme for SMEs which allows smaller firms to overcome funding constraints on their innovative activity. • The existing amendments in Part 3 of the Brexit Omnibus Bill apply to Enterprise Ireland and Enterprise Ireland clients only. The provisions of the Act must be broader if they are to provide much needed support to anything but a minority of Irish companies impacted by Brexit. • As part of a European temporary State-Aid framework a Compatible Limited Amount of Aid Scheme of up to €5 million over three years for investment or working capital should be introduced. This was introduced in most countries in 2009. This should take the form of direct grants through an enterprise stabilisation fund, but also include guarantees, interest rate subsidies, subsidised public loans, debt write-off, and rescheduled debt for companies in distress.

Organisation	Summary of Issues raised	Summary of Proposals
ICMSA	<ul style="list-style-type: none"> • Brexit risks persist front and centre. ICMSA finds it remarkable that Brexit was only mentioned once in the document given the grave implication it will have on the whole economy, island and the Agri-Sector in particular. • The recently published No deal scenario from the UK would severely damage the Irish beef industry in particular as well as our dairy sector. • The final deal on Brexit and where Irish products stand could be the difference of €4.5 billion worth of products being displaced and the prospect of a major shock to the agri food industry and the wider Irish economy. 	<ul style="list-style-type: none"> • ICMSA feel it would be prudent to reduce overall debt to GDP (or GNI*) ratio and total debt deficit of our economy in the medium term without reducing the level of capital investment. • Taxation reform if to go ahead must be approved by economic and taxation experts and not allow political decisions to override policy so that the tax base can shift from year to year. • Taxation policy for the Agri-food sector needs to take the high level of volatility into account and introduce a scheme that allows farmers to survive bad years with income accrued from good income years. • The banking sector is an area that ICMSA feel needs a root and branch review. Ireland are part of a single market for banking but get none of the benefits that should be on offer. • A regional focus is important to the future development of our economy. The availability of high quality broadband is critical to achieving regional development and for the future development of rural areas. • Climate mitigation policies and actions should not undermine sustainable food production.
Irish Congress of Trade Unions (ICTU)	<ul style="list-style-type: none"> • Social dialogue: the Country Report highlights that Ireland’s system of social dialogue is one where “social partners are rarely involved and consulted regarding the European Semester process by the Government” (p.37) • Fiscal Policy: <ul style="list-style-type: none"> ○ The Commission has criticised Budget 2019 steps that narrowed the tax base and there is no unequivocal endorsement of the rainy day fund in the Country Report. ○ Brexit: Human Capital Initiative 2020-2024 is an insufficient policy to meet workers needs • Housing: <ul style="list-style-type: none"> ○ Budget 2019 is subsidising landlords and not providing real homes for people. ○ The Country Report supports ICTU view and DPER research in this regard and ‘merits urgent action’ 	<ul style="list-style-type: none"> • Social dialogue: <ul style="list-style-type: none"> ○ Implement the OECD recommendations in new OECD Jobs Strategy (December 2018). ○ Revise the current legal framework for collective bargaining in Ireland. • Fiscal Policy: <ul style="list-style-type: none"> ○ Re-consider ICTU’s Budget 2019 Proposals (<i>ICTU Congress Pre-Budget Submission Budget 2019: Investing in our Shared Future</i>) to limit tax expenditures and to broaden the tax base, with compensatory revenue-raising actions for higher income earners. ○ Reallocate resources planned for rainy day fund to minimise Brexit impact to include: ○ Reintroduction of short-term work schemes and a Brexit Adjustment Assistance Fund to support workers most at risk (see: recent <i>ICTU Brexit Paper ‘The Implications of No Deal Brexit’, March 2019</i>)

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	<ul style="list-style-type: none"> ○ Investment in social housing construction is urgently required. ● Early childhood care and Education: <ul style="list-style-type: none"> ○ Country Report: Insufficient child-care leading cause of high female inactivity. ○ Unaffordable child-care: Irish childcare ‘costs; most expensive in EU’. ○ Pay and conditions: The proposed Sectoral Employment Order does not provide Unions with the ability to participate effectively due to limitations on collective bargaining in Ireland. ● Inequality and Precarious Employment: <ul style="list-style-type: none"> ○ Country Report identifies income inequality as an issue ‘to watch’ as market income inequality is the highest in the EU. ○ Quality of employment continues to be an issue to be addressed. ● Health: <ul style="list-style-type: none"> ○ The 2018 CSR recommended Ireland increase cost-effectiveness of health-care system. ○ ICTU 2019 pre-budget submission highlighted overspend on medical products, appliances compared to other EU countries as identified by NERI, 2017 ● Education and Life-long Learning: <ul style="list-style-type: none"> ○ Country Report highlights Ireland still has a higher than EU average early school leaving rate for people with disabilities and higher than EU average absence of basic digital skills. ○ ICTU pre-Budget submission requested: <ul style="list-style-type: none"> - Further reduction in Ireland’s early school-leaving rate. - Additional investment in life-long learning and basic digital skills. 	<ul style="list-style-type: none"> ● Housing: <ul style="list-style-type: none"> ○ Urgent action on social housing construction. ○ Deal with negative outcomes of HAP and RAS schemes, particularly the exacerbation of rent increases. ● Early childhood care and Education: <ul style="list-style-type: none"> ○ Expansion of public provision of high quality and affordable ECCE services – as recommended in Annex D, but also should be aligned with Principle 11 of EPSR. ○ Deal with pay and conditions in this sector including difficulties posed by adoption of Sectoral Employment Order. Revise current legal framework for collective bargaining in Ireland. ● Inequality and Precarious Employment: <ul style="list-style-type: none"> ○ Collective bargaining needs to be introduced to deal with inequality. ○ Quality of Employment: Build upon current policies to deal with precarious employment and child poverty. ● Health: <ul style="list-style-type: none"> ○ Revisit this - recommendations previously made by Country Report and ICTU. ● Education and Life-long Learning: <ul style="list-style-type: none"> ○ NRP should outline how the Government plans to deal with these challenges. ● Global warming: <ul style="list-style-type: none"> ○ Increase diesel taxation

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	<ul style="list-style-type: none"> • Global Warming: <ul style="list-style-type: none"> ○ Country Report highlights that environmental taxation to support environmental objectives in a socially fair manner has not been fully exploited. <p>ICTU pre-Budget submission advocated for low carbon tax.</p>	<p>Introduce a ‘Just Transition’ Instrument to support transition of workers to low carbon economy.</p>
<p>Irish Delegation to the EU Committee of the Regions</p>	<ul style="list-style-type: none"> • The Submission is provided in context of 2019 Country Report which highlights regional disparities in Ireland. • Regional and local levels require more focus as these levels are facing different challenges and performances vary greatly between regions. • The Commission is more clearly linking the European Semester and Cohesion Policy for 2021-2027 and is directly providing for regional assemblies to have sufficient resources to manage the operational programme. • Also, the European Regional Development Fund (ERDF) is regularly implemented by local authorities. • The Country Report provides for local level plans to be implemented over which local authorities do not have the powers to implement and, so, cannot discharge their obligations. • The Country Report was published when RSES was being finalised. As a result, the RSES isn’t accounted for in the Country Report. • The RSES will deal with many of the failures highlighted by the Country Report. 	<ul style="list-style-type: none"> • NRP must deal with regions individually as each region is performing differently. • As the Commission provides for the adaptation of localised plans in the analysis of progress in its European Semester and Cohesion Policy for 2021 – 2027, it is imperative that the NRP provides for sufficient resources and additional powers to enable local authorities to implement national policies and the recommendations of the Country Report. • The RSES enables the above to be carried out and must be adopted in the NRP. • Many of the failures highlighted in the Country Report, particularly housing, decarbonisation and productivity, will be resolved if the RSES framework is put in place. • The RSES is also essential to mitigate Brexit impacts and this must specifically be highlighted in the NRP.

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	<ul style="list-style-type: none"> • The Country Report should have estimated the impact of Brexit rather than merely highlighting it as a challenge. • NWR is the most vulnerable to Brexit and this was not addressed. 	
Irish Farmers Association (IFA)	<ul style="list-style-type: none"> • Fiscal <ul style="list-style-type: none"> ○ Fiscal Prudence nationally will have a negative effect on Irish farmers given Brexit uncertainty. • National Planning <ul style="list-style-type: none"> ○ Further decarbonisation of the agri-food sector is possible with national policy development. ○ Support schemes are hindering farmer participation and are not currently economically viable eg. targets for forestry. ○ Challenges continue incl. local authority sewage management, compliance with EU's Urban Waste Water Treatment Directive. ○ Digital skills: Prioritisation of upskilling and digital skills for farmers is essential due to aging structure of the sector and the digitalisation of the CAP. ○ Rural broadband: The above is unachievable for many farmers due to lack of access. This will be set out in a research paper due to be released in May 2019: 'Adoption and Attitudes to Digital Tech in Agriculture'. • SME Growth: Research & Finance <ul style="list-style-type: none"> ○ Research: Lack of engagement with farmers in R&D studies, which would benefit the industry. ○ Finance: Unacceptable – the unfettered pursuit of asset disposals are occurring for farmers in financial difficulty - with no regard for alternative refinancing/repayment 	<ul style="list-style-type: none"> • Fiscal <ul style="list-style-type: none"> ○ Farmers will need to be supported both nationally and at European level to avoid a disastrous outcome from Brexit. • National Planning <ul style="list-style-type: none"> ○ Agrifood: Renewable energy and bioeconomy national policy. ○ Support schemes: Increase farmers' participation – joined up thinking. ○ Forestry: Targets for forestry must be economically viable for farmers. ○ Sewage Management: challenges persist. ○ Programmes: keep successful programmes. ○ Digital skills: Prioritisation of upskilling and digital skills for farmers. ○ Rural Broadband: Access is essential if farmers are to be compliant. • SME Growth: Research & Finance <ul style="list-style-type: none"> ○ Research: Farmers should be included as stakeholders and the implications for farmers should be considered in such research. ○ Finance: IFA has developed 5 principles on which negotiations should be carried out between farmer borrowers and loan owners:

Organisation	Summary of Issues raised	Summary of Proposals
	<p>proposals from the farmer, and the impact of such asset disposal on farm viability.</p>	<ol style="list-style-type: none"> 1. No forced sale of farming assets that would undermine the viability of family farm, where the farmer has meaningfully engaged to find a workable solution. 2. Full and final agreement must be reached between the borrower and loan owner prior to the disposal of any assets. 3. Assets must be sold for their full market value and with proper advertising. 4. No forced collection of debt that is not yet due.
<p>Northern & Western Regional Assembly (NWRA)</p>	<ul style="list-style-type: none"> • The Submission is provided in context of 2019 Country Report which highlights regional disparities as being significant and higher in Ireland than in other EU countries in terms of GDP per capita. • However, the Country Report does not highlight the impact suitably or make any recommendations to deal with the imbalance. • Statistics from Eurostat indicate that NWR region has moved back in category from 'Developed' to 'Region in Transition' with NPF reporting that it has 'flat lined'. • For post 2020 EU funding purposes, NWRA is to be re-classified as a 'transition region' and will received an enhanced co-financing rate of 55% from EU budget, as opposed to 40% for other regions. • Applying a higher rate of funding to NWRA is also in line with NPF policy objectives. • This has yet to be addressed in the NRA report. • The RSES is the primary vehicle in which the 3 Regional Assemblies can deliver national policy. • The RSES has yet to be addressed in the NRP. 	<ul style="list-style-type: none"> • NRP must recognise the need to reduce regional disparities and deliver balanced growth between the 3 regions. • NRP must positively discriminate towards the Northern and Western Region in terms of recognising its new status as a 'Region in Transition' and supporting the enhanced co-financing rate of 55% from the EU budget. • NRP must apply NPF provisions by applying the above and recognising the specific needs of the NWR. • NRP must implement the NPF via Regional Spatial and Economic Strategies (RSES)

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Social Justice Ireland	<ul style="list-style-type: none"> • High levels of underemployment • precarious employment • A significant number of workers earning less than a living wage • High rate of long-term unemployment which especially affects older workers • Certain regions experience an employment situation notably worse than the rest of the country. • Prohibitive cost of accommodation for students who must study away from home. • Given that Ireland's percentage of early school-leavers was 11.9 per cent in 2010, when the European 2020 Strategy was adopted, the 8 per cent target adopted by the Irish Government was not at all ambitious. • Increased funding for the DEIS scheme is required. • Ireland still faces challenges in the area of early school leaving and young people not engaged in employment, education or training (NEETs). • Increased funding capital and current expenditure on education is insufficient to meet current and future demands. • A very significant proportion of the adult population still does not possess the most basic literacy, numeracy and information processing skills. • under-investment in early childhood education • One in three jobs in Ireland has a high risk of being disrupted by digital technologies. • Over the past decade, despite a reduction in the headline poverty rate there are over 40,000 more people in poverty. • The deprivation rate for children is still particularly high at 23% in 2017. • In 2017, the top 10% of the population received almost one quarter of the total income while the bottom decile received just 3.3%. 	<ul style="list-style-type: none"> • Launch a major investment programme focused on prioritising initiatives that strengthen social infrastructure, including a comprehensive school building programme and a much larger social housing programme; • Resource the up-skilling of those who are unemployed and at risk of becoming unemployed through integrating training and labour market programmes; • Adopt policies to deal with the worrying issue of youth unemployment. • Recognise the challenge of long-term unemployment and of precarious employment and adopt targeted policies to deal with these; • Recognise that the term “work” is not synonymous with the concept of “paid employment”. • Adopt policies to deal with the working poor issue including a reform the taxation system to make the two main income tax credits refundable; • Develop employment-friendly income tax policies. • Adopt policies to deal with the obstacles facing women when they return to the labour force. • Reduce the impediments faced by people with a disability in achieving employment; • Facilitate the right to work of all asylum seekers. • Give greater recognition to the work carried out by carers and introduce policy reforms to reduce pressures on carers. • An ambitious new national target relative to employment • A specific sub-target should be developed to deal with the issue of the working poor. • Develop and commit to a long-term sustainable education strategy; • Commit to increasing investment in Early Childhood Care and Education by 0.1 per cent of GDP annually • Make the improvement of educational outcomes for pupils from disadvantaged backgrounds and disadvantaged communities a policy priority;

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	<ul style="list-style-type: none"> • Ireland has made little progress towards reaching the target it set for 'combined poverty'. • Without the social welfare system just over 4 in every 10 people in the Irish population would have been living in poverty in 2017. • The need for a new forum and structure for discussion of issues on which people disagree is becoming more obvious. 	<ul style="list-style-type: none"> • Develop an integrated skills development, vocation training, apprenticeship and reskilling strategy; • Develop a framework to deliver sustainable funding revenues for higher education over the next five years with a roadmap to 2028. • Set a more ambitious national target of 4 per cent for reduction of early school leaving. • Adopt a more ambitious adult literacy target to reduce the proportion of the population aged 16-64 with restricted literacy to 5% by 2020; • Adopt a 15% target for participation in lifelong learning. • Resource an initiative to identify how a real participative civil society debate could be developed and maintained and establish and resource a forum for dialogue on civil society issues. • Promote deliberative democracy and a system of inclusive social dialogue
Society of Saint Vincent de Paul	<ul style="list-style-type: none"> • Children and lone parents continue to experience high rates of poverty and deprivation. • SVP is concerned at the levels of deprivation and social exclusion among Travellers, people living in direct provision and people experiencing homelessness. • In-work poverty is a main concern. The rate is almost 5 times higher among one parent households compared to other households with children. • In 2017, Ireland had the fifth highest incidence of low pay in the OECD. • The decision to abolish the features of the One Parent Family Payment has made it more difficult for lone parents with low earnings potential and high levels of caring responsibilities to access employment, education or training. • To ensure that employment among parents, and in particular lone parents, increase their earning potential and eliminate their poverty risks, better data and analysis is required. • The Affordable Childcare Scheme (ACS) has now been renamed the National Childcare Scheme, and SVP is 	<ul style="list-style-type: none"> • Include an ambitious target for poverty reduction, with sub-targets for vulnerable groups, in the forthcoming National Action Plan for Social Inclusion. Ensure that this target is linked to specific policy actions and the required level of resourcing and that there is policy coherence across Department and other strategies to ensure that the target is met. • Given the continuing scale of the housing crisis we call for a dedicated Country Specific Recommendation on Housing for 2019. This should include a focus on increasing the build and acquisition of dedicated social housing by local authorities and approved housing bodies and examining options such as the delivery of an affordable cost rental sector, with affordability linked to income, rather than market rents. • In order to meet our climate obligations and to ensure that the cost of climate action does not fall disproportionately on those living in rural areas or low income households, tackling energy poverty must be the cornerstone of Ireland's environmental policy. Without addressing energy poverty, it will not be possible to meet our climate obligations, as low income energy poor households are often unable to change their behaviours in response to policies such as an increase in carbon tax for example.

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	<p>concerned at the removal of any reference to affordability in the title of the new scheme.</p> <ul style="list-style-type: none"> State investment in higher education has declined 38% from €2bn in 2009 to €1.3bn in 2016. The increase in the student contribution has put further and higher education out of reach for many students. Progression rates to higher education in disadvantaged areas of Dublin can be as low as 15%. Travel distance has a negative impact on the likelihood of school leavers from lower-socio economic backgrounds proceeding to higher education. The policy direction set out in Rebuilding Ireland, where the majority of social housing need is to be met in the private rented sector through the HAP is flawed. The cost of climate action must not fall disproportionately on those living in rural areas or low income households. 	<ul style="list-style-type: none"> The lower progression rates of students from disadvantaged backgrounds should be acknowledged in the NRP and the Country Report for Ireland and policies to deal with this should be prioritised. Deal with rising school costs by restoring the capitation grant to 2010 levels and prioritise policies to deal with the needs of disadvantaged students attending no-DEIS schools. Continue to invest in quality policies and consolidate the Early Years services by improving qualifications, pay and conditions for staff in the sector and ensure that parents who choose childminders can avail of subsidies under the Affordable Childcare Scheme. Implement the recommendations contained in SVP's research report "Working, Parenting and Struggling" so that the issue of increasing poverty among working lone parents is addressed.
Southern Regional Assembly (SRA)	<ul style="list-style-type: none"> The Submission is provided in context of 2019 Country Report which highlights regional disparities as being significant and higher in Ireland than in other EU countries. However, the Country Report is inaccurately identifying the regions in its report, and at odds with the Local Government Act 2014, in which the 2 NUTS regions were realigned to create 3 regions (SRA, NWRA and EMRA), which has resulted in inaccuracies in the Country Report. The National Reform Programme and National Planning Framework have not been linked in the past, which has led to issues with investment for Ireland. The Draft RSES is yet to be addressed in the NRP. 	<ul style="list-style-type: none"> NRP must recognise the need to reduce regional disparities and deliver balanced growth between the 3 regions. NRP to be linked to the Government objectives as set out in the National Planning Framework. Successful linkage depends on cohesive cross governmental policy alignment, with an impetus to NPF-proof their strategic investment programmes. Regional Spatial and Economic Strategies (RSES) is the appropriate mechanism to deliver the NPF and NRP. It sets out a 12 year strategic development framework. RSES is still at draft stage and is currently at public consultation until March 2019. It should be appropriately recognised in the NRP.
The Environmental Pillar	<ul style="list-style-type: none"> The Submission is provided in context of 2019 Country Report which highlights decarbonisation and climate change. Previous Recommendations: of EP (2015, 2016, and 2017) have been ignored but continue relevant. 	<ul style="list-style-type: none"> Previous recommendations must be taken in to account. Consequences of 'growth' must be addressed e.g. resourcing of the growth i.e. mining, fuel emissions, human rights violations. Biodiversity should be factored in to policy.

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	<ul style="list-style-type: none"> • Only a single reference to climate issues in the Executive Summary of the Report. • 'Growth': Issue with a constant reference to growth in the Country Report, with no efforts to deal with its direct effect e.g. cobalt mining in Congo for electric cars and mobile phones. • Biodiversity: complete absence of biodiversity in the Report, while the UN has highlighted that 'ecosystems are facing catastrophic collapse' from insect extinction. • Climate Change: Not meeting environmental targets, Too Slow to act. Short-term sectoral interests are being prioritised over sustainable future. • NDP has never been 'Climate Proofed': 20% of projects are climate related while the other 80% are counterproductive e.g. building infrastructure such as another runway. • NPF is reversed by the NDP in terms of decarbonisation with its call for development of more fossil fuel transport infrastructure e.g. motorways • Multinationals have expressed concerns as they wish to resource their energy from renewable sources. 	<ul style="list-style-type: none"> • Introduction of environmental taxation ('carbon tax') for climate change action in line with Joint Oireachtas Committee on Climate Action Report (due to be released in March 2019) – leadership required and well designed with necessary incentives for energy efficiency while providing policies to assist those most in need during the transition e.g. rural communities and lower socio-economic groups. • NDP needs to be 'climate proofed' and p.4 deliverable should be extended 'and that said projects should be checked for actual decarbonisation'. • NDP needs to identify where renewable energy will be sourced. • National Mitigation Plan needs to have targets. Revisit or replace this Plan. • NDP needs 'key performance indicators'. • NECP should be thoroughly revised as it contains serious errors which are at odds with existing Government policy in this area, inadequate ambition and technical loopholes to avoid fulfilling targets.

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The Environmental Pillar (cntd.)	<ul style="list-style-type: none"> • The draft National Energy and Climate Plan (NECP): <ul style="list-style-type: none"> ○ is not aligned with the Paris Agreement; ○ contradicts Ireland’s already existing plans; ○ does not set out scale and timing of deployment of CCS technologies and scope is limited; ○ does not alleviate gas and oil use; • Transport: the Greater Dublin Area Transport Strategy 2016-2035 has been entirely omitted, as has the Smarter Travel Policy, 2009. • Fossil Fuels and Renewable Energy: <ul style="list-style-type: none"> ○ No reference to the 2 peat power plants which are to continue operating beyond 2019, with biomass requiring 70% peat fuel (i.e. technical loophole). ○ No reference to ‘Just Transition’ policy approach. ○ Ireland remains the only Member State in EU which does not provide opportunities for household-level renewable energy microgeneration. • Energy Efficiency: <ul style="list-style-type: none"> ○ Grant schemes for deep retrofits have a very late target date of 2050. ○ Serious lack of trained operatives in deep retrofitting to implement this and not addressed as part of a ‘Just Transition’ solution either. ○ Grant schemes need promotion. • Agriculture, Forestry and other Land Use: <ul style="list-style-type: none"> ○ Policies promoting meat and dairy continues; ○ Policies introducing carbon efficiency to carbon-intensive foodstuffs is illusory, as consumption increases; 	<ul style="list-style-type: none"> • Draft NECP: Completely revise this plan to deal with deal with the Summary of Issues as outlined here. • Transport: Adopt the Smarter Travel Policy in to the NDP, and consult with the National Transport Authority in this regard. • Fossil Fuels and Renewable Energy: <ul style="list-style-type: none"> ○ Shut down the 2 power plants; ○ Apply a ‘Just Transition’ based policy approach, providing alternative employment to area. ○ Bogs to be ‘rewetted’ back to carbon sinks; • Energy Efficiency: <ul style="list-style-type: none"> ○ Set earlier target date for deep retrofits. ○ Frontload training courses to create more trained operatives in deep retrofitting. ○ Frontload investment in training courses in these power plant areas as part of a ‘Just Transition’ package following closure of power plants. • Agriculture, Forestry and other Land Use: <ul style="list-style-type: none"> ○ Dealing with demand for meat and dairy is the only viable solution to reducing GHG emissions while simultaneously deriving public health benefits; ○ Introduction of national programme for protecting and enhancing greenhouse gas sinks and reservoirs; ○ Develop policy to deal with ammonia gas emissions in agriculture sector.

Organisation	Summary of Issues raised	Summary of Proposals
Irish Farmers Association	<ul style="list-style-type: none"> • Brexit and the uncertainty • Digital skills • Bioeconomy • Climate action and renewables • European Funding [CAP and RDP] 	<ul style="list-style-type: none"> • Access to credit for working capital to facilitate their business • Tackle the root causes of digital exclusion in farming and rural areas • Develop a full range of digital skills that farmers and farm businesses across the country need • Development of a dedicated EU bioeconomy programme to facilitate investment and establishment of community and farm-based supply chains • Completion of a RIA5 by the EU Commission assessing the impact on jobs and the environment in achieving “climate neutral” proposals by 2050 • Amendment of the existing Renewable Energy Directive to introduce : Farm scale and community renewable energy targets for each Member State • The planning restrictions and requirements for renewables projects must be appropriate to scale • In terms of CAP there may be a €12bn deficit in the CAP Budget and the reform proposals indicates an annual cut to the Irish envelope of €97m annually from 2021-2027, these need to increase if the ambitious targets are to be achieved • IFA are seeking an increase in funding for the RDP funding from €4bn to €5bn to facilitate rural communities



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