



Rialtas na hÉireann
Government of Ireland

National Economic Dialogue 2021

Building a sustainable recovery post-Covid

www.gov.ie/ned

Chair's Report



CONTENTS

<u>CHAIR'S REPORT</u>	04
Professor Alan Barrett	
<u>APPENDIX: REPORTS from the BREAKOUT SESSIONS</u>	06
<u>Deliver a sustainable and resilient economic recovery (including through the work of the Commission on Welfare and Taxation)</u>	<u>07</u>
Dr Stephen Kinsella	
<u>Budgeting for a better Ireland</u>	<u>10</u>
Dr Larry O'Connell	
<u>Supporting economic recovery and job creation in the context of Covid-19 and medium term challenges and opportunities</u>	<u>14</u>
Dr Conor O'Toole	
<u>Deliver a low-carbon, climate-resilient and environmentally sustainable economy</u>	<u>17</u>
Professor Eleanor Denny	
<u>Deliver a more responsive and integrated health and social care service for a post-Covid world</u>	<u>20</u>
Dr Sara Burke	
<u>Activation and employment support policy to support a dynamic recovery</u>	<u>23</u>
Professor Philip O'Connell	
<u>Skills provision in Ireland: ensuring a well-balanced and responsive tertiary education system</u>	<u>26</u>
Dr Darragh Flannery	

Bridging the viability and affordability gaps in housing and investing in our cities 29

Dr Ronan Lyons

Agri-food post-Covid and looking towards the future 32

Professor Michael Wallace

Rebuilding tourism in a post-Covid environment 36

Dr Denise O'Leary

CHAIR'S REPORT

Professor Alan Barrett

The National Economic Dialogue (NED) was held on Monday 28 June and Tuesday 29 June. Although this was the sixth NED since the first one in 2015, the format was very different. Due to the ongoing public health restrictions related to Covid-19, the event was held remotely. Recognising this, the discussion format was altered with the general plenary discussion being shortened and the balance shifted towards the smaller, more focused, breakout sessions.

Despite the altered format, the NED once again provided an opportunity for the various stakeholders - trade unions, business representatives, farming representatives, environmental and social justice organisations and others - to discuss with Ministers the issues of concern to them in the run-up to Budget 2022. Views were shared in the ten breakout sessions and these were fed back to all attendees by the rapporteurs. Views were also shared in a plenary discussion.

The discussion was informed through speeches by An Taoiseach, Micheál Martin, the Tánaiste and Minister for Enterprise, Trade and Employment, Leo Varadkar, the Minister for the Environment, Climate and Communications and Minister for Transport, Eamon Ryan, the Minister for Finance, Paschal Donohoe and the Minister for Public Expenditure and Reform, Michael McGrath. Each breakout session was chaired by a Government Minister and Ministers Donohoe and McGrath attended the plenary discussion on 29 June. As Chair, I very much appreciated the involvement of the members of the Government. In sharing their thoughts, they provided valuable inputs into the discussion. Perhaps more importantly, their involvement signalled a strong commitment to the NED as a key element in the budgetary process.

As the breakout sessions were given added time in this year's NED relative to earlier years, many of the themes and issues were aired through them and are reported upon in the notes provided by the rapporteurs and published along with this note. I will not repeat any of the points made or attempt to summarise but I will provide some broad reflections on the plenary discussion which I chaired.

In my address before the plenary discussion, I sought to provide a framework for the discussion by asking attendees to reflect on four questions. In posing these questions, I was trying to capture the broad set of challenges which Ireland faces, parallel of course to the challenge of enabling the economy and our society to emerge from the dramatic effects of the pandemic. The four questions were as follows:

1. Can we reach our climate, health and housing ambitions and aging challenges without revenue increases in the medium term, and where can increased revenue come from or what would you cut instead?
2. Are we collectively convinced that the 51 per cent reduction in emissions by 2030 is feasible, within reasonable considerations of affordability and a just distribution of costs?
3. Can Ireland continue to attract FDI through non-tax-based elements of our offering (skills, business, environment, etc.)? Is our domestic enterprise base well-placed to be an engine for growth?
4. Where are we on previous NED recurring themes including precarious work, broader issues of employment and financial insecurity (including pensions) and the link with inequality (gender, ethnic, socioeconomic, disability)?

In the discussion that followed, themes emerged along the two strands of (1) the impact of Covid and the post-pandemic recovery and (2) broader long-run challenges.

Looking at the Covid-related discussion first, contributors noted the following impacts, amongst others. Some businesses had been more severely impacted than others and at the time of the NED hospitality businesses, for example, were still closed. Some groups of people had also been more severely impacted. In this context, international evidence was drawn upon to say that the pandemic had probably added to elements of gender inequality. Children in disadvantaged circumstances had also experienced negative impacts although we probably do not fully understand the full range of long term impacts. Other Covid related impacts such as the reduction in footfall in many urban centres was also noted.

These Covid-related issues led to a discussion of what supports might be needed but a broader point was also made. Some contributors reflected positively on the role played by the state in cushioning the worst impacts of the crisis and in a renewed sense of the importance of many public services, especially healthcare. Some groups called for a renewed social contract to include an enhanced provision of public services.

Turning to the broader, long-run challenges, climate and other dimensions of sustainability featured more prominently in this year's NED than previously. While I had raised a question about the cost of action on climate, many contributors focused on the costs of inaction. Others also talked about business opportunities which are emerging as a result of efforts to decarbonise. In talking about threats to Ireland's economic model that arise from international proposals on corporate tax, some saw the green economy as a possible route to counteract any losses in economic activity arising from changes in tax rules.

Health and housing were also raised as areas of concern, as they have been in earlier years. The challenges facing agriculture were also raised, with Brexit being an ongoing concern. But two other issues were put on the agenda which might not have been mentioned previously. First, inflation in construction costs was mentioned as a specific case of increases in input prices but the contribution prompted a wider awareness of international concerns about more broadly based inflation. Second, a proposal was made on the development of the budgeting framework to include measures of well-being linked in part to environmental quality.

During the course of the discussion, I put some questions directly to Ministers Donohoe and McGrath. On the issues of climate and the associated costs on mitigation measures, Minister Donohoe noted that he felt that there is not yet a full understanding of the scale and cost of what is required across society, but that as great as the costs might be, the opportunities are considerable. Minister McGrath noted his view that an "all of Government and society" approach would be needed, with everyone facing in the same direction if our ambitions are to be achieved. He referred to the National Development Plan and his ambition for it and also noted his concerns around the costs of inaction on our targets. Both Ministers also expressed a commitment to ensure that measures were put in place to counteract the negative effects on children at risk from lost time in education over the lockdown.

A feature of every NED since 2015 has been an imbalance between proposals which require additional expenditure and proposals for tax increases. Given the current relaxation of fiscal rules, this was perhaps inevitably a feature of the 2021 discussion. However, both Ministers reminded attendees of the fiscal constraints which continue to exist and hence the ongoing need to prioritise and to manage the public finances with due caution.

While the NED once again showed that there are many challenges and hence many competing claims on public funds, I was struck by a shared sense of purpose on the part of participants as Ireland emerges from the severest effects of the pandemic. In reaching our societal, economic and environmental targets, stakeholders and Ministers appeared to channel the spirit of Ireland's strong response to Covid-19 and Brexit. The social consensus that developed in response to these challenges seemed to serve as examples of how significant progress can be achieved when faced with adversity.

APPENDIX: REPORTS FROM THE BREAKOUT SESSIONS

The summary of the discussion during each of the ten parallel breakout sessions was prepared under the authority of the Rapporteur for that session and should not be perceived or understood as an agreed document.

BREAKOUT SESSION 1

DELIVER A SUSTAINABLE AND RESILIENT ECONOMIC RECOVERY (INCLUDING THROUGH THE WORK OF THE COMMISSION ON WELFARE AND TAXATION)

CHAIR: MINISTER FOR FINANCE,
PASCHAL DONOHOE, T.D.

RAPPORTEUR: DR STEPHEN KINSELLA

INTRODUCTION

This is my fourth time as Rapporteur at the National Economic Dialogue. The discussion is always robust, respectful, and reflective of the wishes of wider society, from business concerns to the concerns of workers, the environment, and of course the broader fiscal debate post-Covid. Twenty one participants spoke. The Minister responded to participants in rounds of roughly three.

As in most other sessions I have acted in as Rapporteur, there was no general consensus reached, as there was for example during NED 2017, when childcare emerged as a key policy problem to solve. Most curiously, while calls for greater levels of spending in specific areas were heard, and while concerns for where precisely these increased taxes would come from were voiced, there was little reference made to permanent tax cuts during the two hour session.

The Minister opened the session making the point that we always face resource constraints regarding how resources can be allocated. The budget is where we reconcile our needs to our finite resources. It is important to understand the boundaries about those resources, how they can be created and allocated. A key concern of many participants was what a fair and just allocation of those resources might look like. The Minister noted the difficult circumstances which we as a nation addressed over the past year. He noted that at some point, a budgetary constraint will re-emerge for Ireland. As a high debt country, there is one place where we can be - that's on the right side of that constraint.

We prioritised our discussions on two of the four suggested themes, the medium term budgetary target, and, if public expenditure in some areas is permanently increased, should this be funded by reductions elsewhere or through higher taxation?

Three key themes emerged.

1. Protecting our ability to borrow as a country is going to be crucial, as will our ability to spend properly to aid increased social cohesion.
2. Headline budget targets, as well as a debt reduction target, should be considered. Regardless of the point in the cycle, it is important to retain the level of capital expenditure. Any change in capital spending only defers the need for it into the future.
3. A jobs led recovery implies a managed withdrawal of supports, the pace needs to be carefully managed to cushion citizens from uncertainty and undue hardship.

WHAT SHOULD THE MEDIUM TERM BUDGETARY TARGET BE?

We know the fiscal rules are in abeyance, and we know they will return, in some form. It makes sense to have a domestic debt target set four or five years ahead, set in GNI* terms, by the government. It would be a strong contribution to the domestic medium term fiscal framework. We also need to see better costings, better spending frameworks, and new elements of spending. Several speakers noted political commitments to debt targets have not been as concrete as they needed to be.

There is no strong political constituency for recognising trade-offs. Need simple measures to ensure public support. Debt and income are easier to communicate. We are going to need to sequence the generation and distribution of resources. You can't target a level of spending without a good sense of what the growth rate may be. Spending targets invite more spending. This is the potential problem of pro-cyclicality to consider.

There was a concern for who will pay for changes to tax provision, while recognising there is a key need to redistribute heavily to offset the damage caused by Covid. Speakers recognised this pandemic has not impacted everyone the same. Some have done well out of the pandemic. Other speakers argued for the need to broaden tax base and increase its tax take - higher tax will not impact on our competitiveness.

Several speakers felt there are so many uncertainties that in the short term and medium term supports should continue for the most affected in our society.

Speakers found it useful to consider spending with and without Covid spending built in. Concepts like potential output, etc. rely on trend smoothing. Structural balance targets might become a nonsense. Headline spending might be preferable, but divided into primary current and capital. Focusing on primary current spending is key.

We have taken on specific long term policy changes like climate change. This will impose long term fiscal commitments on the state. Aging will also impose fiscal challenges on the various uncounted commitments the government has. There was a strong consensus for the need to have an evidence-base in place and then move on from there.

One very important point was the extent to which we can use fiscal policy to build social cohesion. Most speakers felt we need a radical approach, not just incremental. Budgeting and borrowing targets need to be linked to targets showing how we are going to transform our society through healthcare, childcare, and housing.

IF PUBLIC EXPENDITURE IN SOME AREAS IS PERMANENTLY INCREASED, SHOULD THIS BE FUNDED BY REDUCTIONS ELSEWHERE OR THROUGH HIGHER TAXATION?

Several participants rejected the binary nature of the question.

Public R&D in Ireland is low relative to other high-income countries and could generate positive economic and fiscal returns. Important not to treat all forms of tax and all forms of spending as identical from a fiscal sustainability perspective.

Instead of making it about taxes, need to think about broader revenue such as PRSI. The appropriate level of spending depends on your needs. Given our evolving demographic structure we need to differentiate between education (which improves competitiveness) and childcare (which leads to job better outcomes), and climate (which improves the chances of the next generation). R&D needs to be considered part of capital spending. Labour tax is lower than the EU average, so less space to move more to consumption. There was general agreement on the need to focus on talent and up-skilling: academics, government, and industry need to work together. Would support employers paying more tax to help.

There was general agreement that the tax burden is going to be much higher in 10 years. There is a need for a mature debate on how these taxes are raised, from whom, and the efficiency required to spend these monies effectively. All taxes need to be gender sensitive.

BREAKOUT SESSION 2

BUDGETING FOR A BETTER IRELAND

CHAIR: MINISTER FOR PUBLIC EXPENDITURE AND REFORM,
MICHAEL MCGRATH, T.D.

RAPPORTEUR: DR LARRY O'CONNELL

INTRODUCTION

The discussion on Budgeting for a Better Ireland was structured around addressing four key questions:

- How we prioritise budgetary resources?
- What should be the priorities?
- What are the trade-offs we need to consider?
- Other than allocating resources, what else needs to be considered?

Outlined below are some of the main points brought up as each question was discussed and also a summary of some of key themes that emerged.

HOW DO WE PRIORITISE?

This was a broad ranging discussion which also touched on some points relevant to the later questions.

- **Vision:** The key to how we prioritise is a shared sense of a vision about what we want for the future. It was highlighted that the Programme for Government sets out a shared vision. This includes a strong commitment to better quality of life, healthcare, housing for all, a new social contract, renewing our economy, halving our emissions, global citizenship and working towards consensus on a Shared Island.

A number of guiding principles relevant to this vision and which would help determine priorities, were noted:

- **Inclusive and Fair Social Recovery:** How we prioritise during the recovery should have as an absolute imperative that the recovery is inclusive and fair; and the need in that context to have a wider conversation about the tax take and the tax base that would underpin this vision.
- **Quality-jobs-led recovery:** Getting the labour market element right will be key to ensuring a recovery that is focussed on quality jobs. In this regard, innovation was seen as critical.
- **Competiveness and Productivity:** There was strong support for ensuring that the economy remains competitive as without this the resources will not be available to underpin the shared vision.

In relation to competitiveness, the following were noted: the pace of change has accelerated, investment in innovation and skills and lifelong learning are critical; the importance of rural broadband; the impact on mobile investment of jobs that can be done anywhere.

It was evident that we will have to compete for jobs and in that context it was noted that for business, quality of life factors such as access to housing, health and childcare are now a key factor influencing locational investment decisions.

- **Short and Long Term Balance:** There is a need to strike a balance between short term and longer term requirements along with a need to accept some degree of sequencing of investment decisions. It was noted that how we view time horizons is very important; for example, investment in addressing environment challenges and in cost rental housing both need to be viewed from a long term perspective.
- **Monitoring and Review:** Measuring the impact on peoples' lives, through for example, well-being measures or social progress indices, can support decisions on how to prioritise key public services. Performance budgeting is also a key tool to support prioritisation.

The development of a well-being framework in Ireland received strong support. It was seen as important to breaking down barriers across government.

A number of issues were raised in regard to poverty proofing: the importance of better data on poverty among specific groups, for example travellers and migrants; the need for better means of assessing the impact of services on poverty; and need for more transparency about information used to support decisions, and the timing of publication of background papers on the budget.

A greater focus on return on social investment and on the cost of inaction or cost of not investing (in social and environmental areas) was recommended.

- **Social dialogue:** Dialogue and collaboration, including the discussions during this breakout session, is seen as key to how we prioritise and recover from Covid. Social dialogue can help improve collaboration across government, and between government and the private sector. The greater social contributions now expected from the private sector was noted (e.g., statutory sick pay, auto-enrolment). It was also noted that we should consider in more detail what we can learn from how social dialogue happens in other countries.

WHAT DO WE PRIORITISE?

The discussion on what we prioritise saw some key themes emerging:

- **Digitalisation:** Focus on digitalisation including acceleration of rollout of digital services across the public service and leveraging of data and AI.
- **Infrastructure:** The scale of investment required to achieve the energy transition and ensure security of supply is not widely appreciated. Notwithstanding strong progress on renewable energy, there is a continuing need for gas to ensure security of electricity supply. Security of supply poses risks and should not be taken for granted. Investment in water and wastewater infrastructure is particularly important to support housing development.
- **Climate investment, just transition and biodiversity:** It was noted that that the forthcoming Climate Action Plan will require very significant investment. It was noted that much more progress is required to address the biodiversity challenge.
- **People in danger of being left-behind:** A number of groups, in particular children in poverty and people with intellectual disabilities, were identified as being in danger of being left further behind. Issues raised included the lack of careers guidance for people with intellectual disabilities and the benefits from the application of universal design principles for different people, including from parents with buggies, people with disabilities, and older people.

- **Housing:** Critical from both a social and economic perspective. High housing costs can undermine competitiveness.
- **Living costs generally are a key concern:** The impact of decisions on living costs and competitiveness need to be considered.
- **Education:** Level of spending noted, class size and a digital divide exposed by Covid-19.

WHAT ARE THE TRADE-OFFS?

While trade-offs were implicitly dealt with in the first discussion a number of additional points were made:

1. There is a need to restore balance to the public finances to a stable position while the requirement for a fiscal anchor for the medium term was highlighted.
2. There was strong support for achieving a balance between societal and economic priorities. Social cohesion is important.
3. In returning the public finances to sustainability, it was agreed that there should be no cliff-edge to the withdrawal of Covid supports. The effect of tax on competitiveness was also raised.

OTHER THAN ALLOCATING RESOURCES WHAT ELSE NEEDS TO BE CONSIDERED?

A range of points were raised, including:

- **NDP:** The review of the National Development Plan (NDP) is seen as very important. The NDP will need to be executed with real urgency.
- **Public Reform:** Better integration across departments and agencies is seen as a significant and important task. The Well-being Framework can help in relation to greater cross-government co-operation.
- **Planning:** The case was made for better planning of public expenditure. It was noted that the Summer Economic Statement will set out realistic costs of public services.
- **Relationships with Voluntary Organisations providing Public Services:** Concerns were raised about the adequacy of funding relative to costs; the degree of complexity and duplication of oversight by statutory bodies and the impact of this on innovation and costs; and lack of multi-annual funding of services.
- **Productivity:** Including modern methods of construction, well targeted training, and right regulation.
- **EU Child Guarantee:** Each Member State develops an action plan and can access EU funding; it was noted that the Minister for Children, Equality, Disability, Integration and Youth, Roderic O’Gorman, T.D. is taking the lead on this.
- **Additional non-expenditure measures:** A range of issues were mentioned including the treatment of rent arrears in the insolvency system; re-skilling, housing costs; and the role of collective bargaining.

CLOSING COMMENTS

There was general agreement about both the need for a just and fair recovery from the impact of the pandemic and the importance of maintaining the competitiveness of the Irish economy. Housing was identified as being critical.

The discussion highlighted how Covid has exposed certain inequalities in Irish society, and how public resources became central to addressing the crisis. Those who were least well-off prior to the pandemic were more likely to encounter risks to their jobs and income and were less likely to be able to access and utilise digital technologies for work or education and were unlikely to have appropriate space available to them in their homes to facilitate concentration on such online activities; lack of space could also be an obstacle for some to report domestic abuse during lockdowns.

The discussion highlighted a broad desire to participate in informed discussion of the policy challenges facing Irish society. There was general support for opportunities to engage in effective social dialogue.

The discussion was supportive of a well-being framework and more multi-dimensional indices that both set out how Ireland is progressing and inform the policy making process. This work is important to understanding whether or not we are progressing toward a better Ireland as they support a focus on the outcomes or impacts of public policy, that is, the impact of services on peoples' lived experiences.

BREAKOUT SESSION 3

SUPPORTING ECONOMIC RECOVERY AND JOB CREATION IN THE CONTEXT OF COVID-19 AND MEDIUM TERM CHALLENGES AND OPPORTUNITIES

CHAIR: TÁNAISTE AND MINISTER FOR ENTREPRISE,
TRADE AND EMPLOYMENT,
LEO VARADKAR, T.D.

RAPPORTEUR: DR CONOR O'TOOLE

INTRODUCTION

The session was opened by the Rapporteur and the Chair provided context on the issues under discussion. The degree to which the normal budgetary process has been overshadowed by the pandemic and its ability to change the course of events rapidly was outlined. While plans are developed and outlined to attempt to address the pandemic, the epidemic has changed course in the past and often rips up previous plans. Encouraging signs from other countries in relation to the vaccination programmes are evident but the Delta variant requires vigilance.

The context for the broader discussion noted by the Chair was the return of the public finances to health after the recovery with a focus on the NDP and the upcoming "Housing for All" plan. The Rapporteur outlined the five main thematic areas that the session was going to cover; the key features of the post pandemic recovery; the areas of opportunity in the future economy; the ability to foster better linkages between domestic and foreign firms in the context of the OECD's recent report; the SME Growth Plan and its recommendations; and finally, the risks and challenges in regard to a successful recovery in the medium term.

The main discussion points in each of these areas are presented below in three themes.

THEME 1: KEY FEATURES - POST PANDEMIC ECONOMY AND OPPORTUNITIES IN THE FUTURE ECONOMY

Some key features of the post pandemic economy that were of particular focus to early contributors to the session related to a) digitalisation and the pivot to online activity; b) the issue of remote working; and c) the opportunities to drive forward regional rebalancing. A number of issues were raised covering the benefits of digitalisation and remote working in terms of flexibility and gender equality but also in terms of the broad sectors that can benefit such as health, logistics and transport. Differences in obligations/rights and duties between online and in-person sales were noted. In terms of regional rebalancing, a critical issue is the type of growth and issues such as congestion etc. should not be carried over from cities. Discussion also focused on how can city economies be redeveloped and reinvigorated as the public health crisis abates.

A number of contributors pointed to the strong expected economic growth that is projected for the Irish economy beginning in 2021 and the necessity to use this strong position to capitalise on opportunities.

It was noted the reopening boost to the economy is materialising in terms of transaction values but footfall patterns have changed and understanding the “new normal” in demand will be critical to the recovery. The uneven pattern of the recovery was noted and the sustainability of the recovery was contextualised in the requirement to ensure skills and labour capacity constraints do not bind. Issues for companies in relation to competitiveness were raised with managing the cost of housing and infrastructure provision noted as key enablers of a successful transition to the post pandemic economy. The importance to firms of issues in relation to price competitiveness (from the labour market and other areas) was strongly emphasised.

In terms of the policy focus, the long term certainty of the business policy environment (in terms of taxation and other issues) was noted as a strength in the Irish context, however, as we exit the pandemic businesses would like to see a signposting and flagging of the policy mix to enable planning around investment policies and choices. The uneven nature of the economic shock was discussed in the context of whether policies need to be developed on a sectoral, bespoke nature, with an integration into geographic policies. The alignment of physical planning and economic plans was noted in this context. The linkages between skills, higher education, and linking talent and competitiveness were areas which could help the development of the future economy. Further development of the ecosystem for encouraging private finance in risk capital was noted as an area which could bolster start-ups and build dynamic firms.

THEME 2: DOMESTIC V FOREIGN-OWNED AND BUILDING LINKAGES

The recent OECD report on Ireland’s FDI quality noted the considerable footprint in Ireland of FDI companies but also reinforced a long standing observation that domestic enterprises are often lower productivity and the linkages between FDI firms and domestic firms could be further developed. The benefit of these linkages can lead to productivity spill overs and overall economic welfare gains. The discussion around this topic in the session focused on understanding the patterns of current linkages and exploring the policies that could attempt to enable better connections between Irish firms and FDI enterprises.

A number of examples of successful current integration of Irish firms into the FDI supply chains and ecosystem were noted by participants (Medtech in Galway and Bio-pharma in Galway). However, the difficulty repeating these successes for the broader SME sector were noted. Factors which can affect these spill overs were: the global nature of supply chains, the competitiveness of operations within the context of the EU single market and the issue of standards. The importance of institutions (such as the enterprise agencies and universities) in facilitating the linkages was put forward with an example of the successful role played by the UK universities. The issue of capacity constraints was raised with many SMEs facing the challenge of how to scale-up to successfully enter the supply chain of large MNCs. Continued public sector support to facilitate these linkages was seen as essential with a refocusing on the enterprise agency clients and the ability to facilitate networks and linkages through these agencies.

A future difficulty was noted in terms of the risk appetite of potential entrepreneurs working in existing MNCs and whether instruments could be introduced to allow a leave of absence period, in line with the Swedish example, to facilitate entrepreneurship but manage downside risks.

THEME 3: SME GROWTH PLAN AND POTENTIAL CHALLENGES AND RISKS

There was a general welcome for the work of the SME Task Force, its recommendations, and the SME growth plan. It was emphasised that the implementation of the recommendations is critical and some specific instruments (such as CGT tax treatment, sick pay etc.) were discussed. The simplification of processes around investment supports (EIS) was noted.

In terms of risks and challenges, the main points related to the uneven nature of the economic shock from Covid and how the recovery can be distributed across a diffuse and heterogenous SME sector. Addressing cost competitiveness and infrastructure issues are key elements of a risk mitigation strategy for businesses in recovery.

CONCLUSION

The session concluded with contextual discussions around the heterogenous impacts of the economic fallout from Covid-19 and its differential effect across companies and sectors. While the economic recovery is likely to be strong with the unwinding of household savings, ensuring balance in the recovery is critical. An overall focus on leveraging the benefits of the post pandemic economy such as digitalisation, remote working and the ability to balance regional development can be critical elements of the post pandemic recovery. The session concluded with a note on the potential for bumps in the road in terms of the epidemiological situation and the recovery from the pandemic. The session concluded noting the development of an employment intensive, strong, SME sector was seen as critical to the new economy.

BREAKOUT SESSION 4

DELIVER A LOW-CARBON, CLIMATE-RESILIENT AND ENVIRONMENTALLY SUSTAINABLE RECOVERY

CHAIR: MINISTER FOR ENVIRONMENT, CLIMATE AND COMMUNICATIONS AND MINISTER FOR TRANSPORT,
EAMON RYAN, T.D.

RAPPORTEUR: PROFESSOR ELEANOR DENNY

INTRODUCTION

The session commenced with a high-level overview of the importance of a low-carbon, climate resilient future and outlined the challenges and opportunities presented by the Government's 2030 targets. Minister Ryan emphasised the scale of the challenge and provided the policy context in line with the Paris Agreement and the upcoming COP26. This was followed by a summary of the role of the Climate Change Advisory Council and the timeline for the development of economy-wide carbon budgets and the Climate Action Plan.

This initial scene setting was followed by a wide-ranging sector-by-sector discussion of the challenges associated with achieving emissions reductions in each of the areas of Agriculture, Transport and the Energy Industry, which were chaired by the Minister. This document aims to capture these discussions and also highlights two cross-cutting themes of 'Engagement' and 'Just Transition'.

AGRICULTURE SECTOR

There was widespread agreement that Government policy in the Agriculture sector should support environmental protection and emissions reduction while ensuring sustainability of income for farmers and foresters and providing a viable future for the sector. There was considerable disagreement on what specific steps might achieve this.

On the one hand, agricultural policies have improved efficiency levels but total emissions have still increased. This is not compatible with climate and environmental goals. There was a call for more than just efficiency measures in tackling agriculture emissions, with suggestions for new measures such as a cap on livestock numbers, nitrogen targets and organic farming directives. The potential for carbon sequestration, bioenergy and microgeneration on farm land were also raised as options for sustainable diversification of farm income. Cross-sector integration was highlighted as an important consideration as well as the potential of a circular economy approach to farming.

On the other hand, this was countered by the view that there are limited alternative opportunities for farmers and increased exports seem to have provided little difference to on-farm incomes. Livestock caps may be counter-productive in terms of attracting young farmers to the sector. Concern was also expressed that food prices do not reflect the costs of production and reservations were expressed about the impact of stringent environmental measures on the sector's international competitiveness.

The discussion indicated an appetite for change in the sector embracing innovation, technology adoption, and science-based measures in farming, in particular among young farmers, however more support is required to achieve this. Change will take time, both in terms of upskilling the sector but also in terms of realising the impact. Better measurement and annual progress tracking will be required. This was also emphasised in relation to the potential to capture private investment in the sector. There was a call for clarity on pathways of success for young farmers and a vision of what a successful farm of the future will look like.

TRANSPORT SECTOR

There was more consensus in the discussion on this sector than in agriculture and the general sense was that switching fuel source is not enough, radical modal shift is required. Transport volumes need to be reduced and success will need to be measured in terms of 'less' e.g. less km travelled. This will require road space being 'reclaimed' from cars.

The discussion initially focused around compact urban growth and providing high quality urban environments. Every town and city matters. More viable and attractive towns and cities will create opportunities for development and investment and will be a key economic driver while also encouraging reduced travel. Safe routes to schools were highlighted as an area which should receive priority. Achieving compact urban growth will require re-orientating transport investment and planning for housing investment alongside new transport hubs.

Covid has provided an opportunity to recast working from home arrangements and the public sector has the potential to show real leadership in this regard. There is a balance however with transport emissions savings associated with working from home versus increased residential heating demand.

In terms of transportation technologies, a deeper discussion on feasible solutions is required and the question was raised around the feasibility of an electric vehicle future while also aiming to reduce traffic volumes. There was a discussion around hydrogen for transport and a need to dig deeper into the potential of using wind energy for hydrogen production.

The NDP review will assist with greater transport-led development and the climate bill, the Land Development Agency and the planning review are three critical items of legislation in this sector.

ENERGY SECTOR

The potential for developing Ireland's off-shore renewable resources was emphasised bringing the possibility of large employment and economic returns. Developing this resource requires joined-up thinking with cooperation and coordination across a multitude of stakeholders and communities. The delay in the publication of the Marine planning bill is impeding progress in this sector.

The discussion on offshore resources led into a dialogue on the potential of using Ireland's renewable resources for the development of hydrogen, and the feasibility of locating industrial applications close to the point of renewable energy/hydrogen supply around large ports. There is a need to coordinate our energy strategy with our industrial strategy.

Security of energy supply is also key and there is a need to balance the requirements of the grid, for example dispatchable power and network upgrades, with a sustainable energy system. Caution was expressed about strategic energy investments in gas technology when we should be moving away from fossil fuels. Dispatchable power will be important for maintaining the security of electricity supplies, but it must be balanced against avoiding lock-in to technologies that will not be viable in the long term.

ENGAGEMENT AND DIALOGUE

A recurring theme throughout the session was the need for engagement and dialogue with stakeholders. This was considered as being absolutely critical to build the consensus that will be required to achieve decarbonisation targets, particularly in sectors such as Agriculture and Transport. The need for an ongoing structured dialogue on climate issues was referenced.

JUST TRANSITION

There will be winners and losers in particular sectors in achieving the 2030 targets which underpins the need for a just transition that will provide support for those who are disadvantaged. Some participants felt that Government action lagged commitments in this area, particularly in the case of the Midlands. This was contested, noting that significant supports had been provided to the Midlands but that the rollout of these was slower than the Government would have liked. There is public support for transition but there needs to be clear plans for engagement on transition which include a structure for dialogue and a deep dive by sector. There was general support for the Just Transitions report prepared by NESC and there were calls to put recommendations from this report into action. All sides agreed that engagement and an approach grounded in the principles of social partnership was necessary and committed to building this.

CONCLUSION

There was a general agreement on the scale of the challenge and the need for radical change to meet the 2030 climate targets. While there was some divergence of views on how these could be achieved there was a general consensus that measures should support environmental protection and emissions reduction while safeguarding living standards and providing a just transition. The need for regular and meaningful engagement and dialogue with all stakeholders was a cross-cutting theme in all discussions.

Specifically in the Agriculture sector, more clarity is required on what a successful farm of the future would look like and a call for clear pathways to achieve this to ensure sustainability of rural development. In the Transport sector, there was consensus that radical modal shift is required which would be facilitated by compact urban development and a move away from private cars. In the Energy Sector, further examination of Ireland's offshore potential is recommended and caution was expressed around locking-in investments in generation capacity which are incompatible with longer term climate goals.

BREAKOUT SESSION 5

DELIVER A MORE RESPONSIVE AND INTEGRATED HEALTH AND SOCIAL CARE SERVICE FOR A POST-COVID WORLD

CHAIR: MINISTER FOR HEALTH,
STEPHEN DONNELLY, T.D.

RAPPORTEUR: DR SARA BURKE

INTRODUCTION

In his opening remarks to the National Economic Dialogue, Taoiseach Michael Martin said that now is 'a watershed experience for Ireland's economy and society... a unique opportunity...to take the steps to build back better'. He said that the government has 'shared ambitions' to bring about 'generational change to health and education', while Minister Michael McGrath specified implementing Sláintecare as key policy priority.

Minister for Health, Stephen Donnelly, opened the first-ever health session in the National Economic Dialogue acknowledging how healthcare workers have demonstrated extraordinary dedication and professionalism at a very hard time for patients and carers. He stated that we are reaching an inflection point where we can start looking at the bigger goal of universal healthcare. The health Minister said that the achievement of this goal starts and finishes with the patient across three key areas: patient access, patient experience and patient outcomes.

The session was structured around two rounds of engagement. Round 1: The impact of Covid-19 in the medium term on health and social care and related challenges and opportunities; Round 2: How to progress towards Universal Healthcare in sustainable way, what measures to prioritise and how to measure success.

Four key themes were identified encompassing one over-arching theme and three sub-themes.

THEME 1: HARNESSING COVID-19 TO TRANSFORM PATIENT ACCESS, EXPERIENCE AND OUTCOMES

In the short term, Covid-19 means even longer queues to access care, delayed care and greater unmet need. Covid-19 has highlighted many of the existing pre-Covid health system deficits such as poor access to diagnostics, long waiting lists for primary, hospital and community care, the absence of care for specific groups such as women, older people, people with disabilities and hard-to-reach groups. Covid-19 has also shone a spotlight on the poor health and social care infrastructure, a prior failure to integrate care and tackle health inequalities.

There was consensus amongst the participants in terms the potential of Covid-19 to alter the policy direction and to the importance of implementing Sláintecare. There was acknowledgement that this involves a much greater emphasis on public health, the empowerment of individuals and community, supporting and resourcing those on the frontline across the health system to innovate and provide responses, specific mention was given to the role of voluntary and community sectors to facilitate

integration and provide care for specific groups. Delivering on the above enables people to live at home which improves the patient experience with a better quality of life. Achieving this is facilitated by universal access, clear care patient pathways and should be measured in terms of people's experience of care and whether or not it is resulting in better health outcomes.

There have been some good environmental takeaways from Covid-19 including people turning to nature and valuing habitats for physical and mental health. Remote working helps environmentally and to build communities and well-being. The pandemic has made apparent the connection between a healthy environment and good mental and physical health.

Covid has caused a reservoir of need included undiagnosed cancers which means that in the short term the public should be prepared for bad news in terms of health statistics.

THEME 2: SUPPORTING AND VALUING THE HEALTH WORKFORCE

The impact of the pandemic on the health workforce was highlighted by many participants. Specifically ongoing health and safety issues that existed pre-Covid but were exacerbated by it and more recently the cyber-attack. The system is currently at high risk of staff burn-out and absence due to mental and physical exhaustion from 16 months of working relentlessly and is also at risk of losing those currently training in the system via overseas recruitment.

It was acknowledged that all the Covid-19 health system responses and potential to further reform the health and social care system requires people (i.e. workforce) to deliver on them. The health workforce has and continues to do this but these people need to be supported by investing in the reform process, additional training for staff and a commitment to bring about change. Staff's mental health needs to be protected and supported. There needs to be a well-resourced strategic workforce plan. Proportional universality cannot be delivered on without staff who are much sought after globally.

THEME 3: MAINTAINING INNOVATION AND REFORM

Covid-19 has brought about rapid and extensive innovation across the health and social care sectors which would have taken years under normal circumstances. Telehealth services presents a strong opportunity but there is a need to guard against digital exclusion. We need to keep hold of the positive innovation and rapid change brought about by Covid-19. Organisations sharing experiences has been an important part of the digital and eHealth innovations.

One participant asked the question – what are good quality community based services? We need to be able to answer that question and to measure it to ensure we are delivering it successfully.

The pandemic meant that huge efforts were put into keeping people out of hospital, providing care at home in people's place of preference, in order to do that sustainably, these services need to be resourced. The example was given of people with disabilities, it is not just about having homecare (which can be very hard to access) but also personal assistant services. Many unpaid carers have borne the brunt of the pandemic and need to be supported too.

The ethical framework devised with stakeholders including patients during Covid-19 was considered a success and there should be an ethical framework for Sláintecare which could facilitate greater solidarity with the policy direction of access to care based on need and targeting the most vulnerable.

A number of issues related to the Medtech sector were raised including slowness of national/European approval processes and the need for much greater regulatory readiness. In the absence of this, innovations developed in Ireland are being piloted elsewhere.

THEME 4: IMPLEMENTING UNIVERSAL HEALTHCARE

Minister Stephen Donnelly said that currently Ireland absolutely fails the test of providing universal healthcare. One participant articulated that success in achieving universal healthcare will be people not feeling the requirement to have private health insurance to gain access to essential care.

Participants highlighted how even private health insurance does not ensure access to care, specifying how much essential health social care for children or adults with disabilities or older people is often only available in the public system, yet people end up paying privately to substitute aspects of care they fail to get timely, access to publicly. The example of cancer care was given as a good example of access to care based on need, not ability to pay, and how this needs to be system-wide and population-wide.

Participants identified the need for whole system reform not just new policies or additional money for Sláintecare. Addressing poor access to diagnostics and public waiting lists are key to delivering in reform and universal access. Social care did not get attention it needed in Sláintecare. Many of the key policies for people with disabilities are a decade old and have not been implemented. Covid-19 demonstrated the failure to decongregate settings and a harsh lesson that Ireland's congregated settings are not conducive to managing a virus. Decongregation needs to be fully implemented with urgency and needs to include mental health and other facilities such as direct provision and homeless services.

Failure to tackle hospital over-crowding pre-Covid put patients and staff in dangerous situations. The zero tolerance for overcrowding that was introduced in the early stages of the pandemic needs to be maintained. The non-implementation of existing policies such as the neuro-rehabilitation strategy, statutory homecare, progressing disability services, the disability capacity and value for money reviews in advance of Covid-19 were highlighted.

Delivering on existing policies as well as new reform to ensure universal access requires multi-annual budget allocations. The Commission on Taxation and Welfare will consider the appropriate level of tax needed to fund health and social care. The centralised nature of the Irish system was highlighted with the suggestion that devolving resources as well as decision making powers to a more local level could assist with transparency in decision making and better budget allocation. Taking a life course approach in an equality and rights based framework based on person's needs and ensuring transparency in policy design and implementation is critically important. In terms of outcomes, suggestions included mortality amenable to medicine as a hard outcome measure; in terms of process measures, EuroQoI or satisfaction surveys similar to those used in parts of the UK.

There are opportunities to promote value for money by disinvestment as well as investment and this is an area that should be looked at - e.g. procedures of no or little value that continue to be funded.

CONCLUSION

The Minister concluded the session observing that it was incredibly valuable to hear from people representing many sections of health and society. He noted while there are huge challenges, there is a lot to be proud of in terms of workforce and how healthcare has dealt with Covid-19.

Covid-19 has demonstrated that when there is political priority and much greater resources allocated to health and social care, rapid and innovative health system responses were enabled. The pandemic presents a unique opportunity to transform the entire health and social care system to deliver universal healthcare where there is excellent patient access and patient experience through clear pathways which lead to much-improved patient outcomes.

BREAKOUT SESSION 6

ACTIVATION AND EMPLOYMENT SUPPORT POLICY TO SUPPORT A DYNAMIC RECOVERY

CHAIR: MINISTER FOR SOCIAL PROTECTION AND
MINISTER FOR RURAL AND COMMUNITY
DEVELOPMENT,
HEATHER HUMPHREYS, T.D.

RAPPORTEUR: PROFESSOR PHILIP O'CONNELL

INTRODUCTION

The context for this discussion is that the Covid-19 adjusted unemployment rate was almost 22 per cent in May 2021 but has been forecast by the ESRI to decline to about 9 per cent in the fourth quarter of 2021 and to average about 7 per cent in 2022. There was a constructive wide-ranging discussion from a diverse group of participants who brought a great deal of experience to the meeting.

While the session addressed a wide range of questions, the discussion focussed on 4 themes:

1. The scale of the challenge
2. Groups of jobseekers requiring prioritised actions
3. Types of interventions to be prioritised
4. The role of digital technologies in the Public Employment Service

The session was particularly timely because, as the Minister noted, the new Pathways to Work strategy is due for release within weeks.

THEME 1: THE SCALE OF THE CHALLENGE AND LIKELY UNEMPLOYMENT IN 2021 AND 2022

Relaxation of Covid restrictions, leading to the reopening of the economy and society, are expected to lead to a reduction in unemployment. Nevertheless, the likely scale of the challenge has to take into account existing numbers on the Live Register and other jobseekers, in addition to a core of people on PUP and EWSS who are likely to lose their jobs or be unable to return to previous employment once economic recovery gets underway. While labour force participation declined by 2.5 per cent in the past year, it will be important to seek an increase in labour force participation and in the employment rate in response to future population aging. Economic recovery will entail restructuring, with winners and losers, so it will be important to identify growth sectors and to ensure the unemployed are equipped with the skills to compete for the new jobs.

It was noted that we need to ensure that policy does not lose sight of those who are unemployed but not in receipt of a social welfare payment, and to ensure that an inclusive employment service is open to everyone of working age who needs to use it regardless of the payment they are on. The Minister noted that the Intreo service is to be available to all jobseekers, not just those on unemployment-related payments.

THEME 2: GROUPS OF JOBSEEKERS THAT MAY NEED PRIORITISED ACTIONS

It was emphasised by many participants that it will be essential to work in parallel with those who lost jobs because of Covid-19 restrictions and those who lost jobs or were disadvantaged in the labour market prior to the pandemic.

Young people have been hit particularly hard by the pandemic and there is a need to ramp-up services to youth. Extended periods of unemployment can have scarring effects that undermine future employment and earnings prospects, and these can be particularly severe for young people from disadvantaged backgrounds. While we have tended to think of the youth labour market as comprising those aged 25 years or less, it may be appropriate for policy to take account of the damaging effects of the pandemic among all those aged less than 35. However, it was also noted that middle-aged and older workers will also encounter difficulties in exiting unemployment and acquiring new skills to transfer to new expanding sectors of employment.

Lone parents had low employment rates and high poverty levels prior to the pandemic, and the pandemic has exacerbated the competing demands of childcare and labour force participation. It will be important to provide lone parents with skills to access high quality employment opportunities.

Travellers and people with a disability were other groups that were disadvantaged in the labour market before the pandemic, and additional supports would be required to improve their employment prospects in its aftermath. Post-pandemic there will be other developments, such as the shift towards automation and the just transition to a sustainable economy that may have differing effects on people with disability. Travellers, have persistently low employment and high unemployment throughout and it was suggested that the state might lead by example in providing employment opportunities to travellers.

THEME 3: WHAT TYPE OF INTERVENTIONS SHOULD BE PRIORITISED TO HELP PEOPLE DISPLACED FROM EMPLOYMENT BY THE PANDEMIC?

There was widespread agreement that supports for jobseekers should be more person-centred. This would entail a flexible Public Employment Service (PES) identifying the specific needs of each jobseeker and providing appropriate supports to assist them in accessing employment. This may also entail greater collaboration between government departments and agencies to deliver a range of services to support jobseekers.

It was also noted that such a holistic approach would rely heavily on well-trained and resourced case-workers in the PES to provide counselling, ascertain skills needs, and identify appropriate education, training, and employment opportunities. This raises questions about the capacity of the PES, both in terms of the number of case officers as well as their skills. In response to this it was noted by the Department of Social Protection that an additional 150 case-officers have been allocated to the PES and that their training is in progress.

Policy should be guided by evidence of what works in improving the job prospects of jobseekers. Here it was noted that several programmes, including the Back to Work Enterprise Scheme (BTWEA) and the Social Inclusion and Community Activation Programme (SICAP), which is targeted at particularly

disadvantaged jobseekers, have recently been evaluated as effective interventions. In this context it was also pointed out that the new Work Placement Experience Programme, which is to provide subsidies to jobs in the private sector, and which is a type of programme that has been found to be effective both in Ireland and internationally, ought to be more ambitious numerically, given the level of unemployment. The success of such a programme would depend heavily on significant commitments by employers.

THEME 4: THE ROLE OF DIGITAL TECHNOLOGIES IN IMPROVING SERVICE DELIVERY IN THE PUBLIC EMPLOYMENT SERVICE

Digital technologies have great potential to deliver streamlined and personalised services to a large clientele. However, it was argued that Ireland lags well behind many European countries in terms of the digitalisation of the PES. Ireland could learn from good practice in other countries and avoid mistakes of early adaptors. Connectivity is an issue, particularly in rural areas, and exploitation of the possibilities of digitalisation in the PES awaits the full roll-out of broadband, and, here, community digital hubs may have potential to improve access. It will also be necessary to increase investment in cybersecurity.

It was also noted that, for some people, accessing PES supports online is problematic. Many people do not own PCs or laptops and smart phones have limited capability, particularly for online-learning. Also, face-to-face engagement is critical for some people. This suggests the need for blended services, which should be of equal quality irrespective of whether they are accessed online or face-to-face.

CONCLUSION

The scale of the challenge facing the PES to reintegrate jobseekers into the labour market post-pandemic is enormous. There was widespread agreement on four broad themes. First, it will be important to ensure that effective services are delivered both to those who lost jobs because of Covid-19 restrictions as well as to those who lost jobs prior to the pandemic. Second, the PES must be an inclusive service that enhances the employment prospects of all those seeking work, and not be confined just to those currently in receipt of a social welfare payment. Third, an effective PES must place the individual client at the centre, identifying the specific needs of each jobseeker and providing appropriate supports to assist them in accessing employment. Fourth, while digital technologies have great potential to extend and enhance delivery of public employment services, broadband connectivity needs to be extended, access to digital technology needs to be expanded, and face-to-face engagement may still be needed for some jobseekers.

BREAKOUT SESSION 7

SKILLS PROVISION IN IRELAND: ENSURING A WELL-BALANCED AND RESPONSIVE TERTIARY EDUCATION SYSTEM

CHAIR: **MINISTER FOR FURTHER AND HIGHER EDUCATION, RESEARCH, INNOVATION AND SCIENCE,**
SIMON HARRIS, T.D.

RAPPORTEUR: **DR DARRAGH FLANNERY**

INTRODUCTION

This session focused on the role that the tertiary education system may play in ensuring a balanced provision of skills in Ireland.

The session started with a brief introduction by the Chair, Minister for Further and Higher Education, Research, Innovation and Science, Simon Harris, T.D. He touched upon a number of key issues within the sector including a desire to foster a culture of lifelong learning and hope that that the flexibilities and responsiveness shown over the past 18 months in further and higher education can be reflected going forward. The Minister also acknowledged a need to lessen the barriers that may contribute to locking people out of the education system later in life.

Following this, there was a constructive, wide-ranging and interactive discussion that addressed some key questions, which are grouped under three connected themes: (i) clarity, communication and culture of education pathways; (ii) skills and skills gaps: and (iii) integrated approaches.

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

THEME 1: CLARITY, COMMUNICATION AND CULTURE OF EDUCATION PATHWAYS

In discussing issues around a balanced approach to skills provision, a number of topics were highlighted. There was wide agreement that a system that helps foster a culture or mind-set of lifelong learning and a variety of pathways to such learning in an equitable manner is desirable. To achieve this, matters such as ensuring greater levels of visibility of current structures and supports within the Further Education and Training (FET) system as well as having a strong evidence-base to help inform decision making was discussed. For example, more engagement with parents and students at second level (or even primary level) as well as adults across the lifespan on the benefits of FET and apprenticeship schemes, rooted in evidence, was raised. The potential importance of 'role models' to show progression from FET / apprenticeship to leadership roles in industry was also highlighted. As well as this, a move to a more balanced third level should be rooted in evidence; benchmarks and outcomes (graduate outcomes).

Constraints related to issues of infrastructure, potential offerings, geographical disparities and the relative complexity of the current system for students within further education were also raised as areas that needed deeper considerations. It was stated that the FET College of the Future will play an

important role in helping to change perceptions and that employers place great value in FET offerings, but also a need to tackle misconceptions and beliefs around FET. The new website initiative 'Right Course' was mentioned as an important first step in bringing FET and HE (Higher Education) courses together for learners from an information provision viewpoint.

On a broader level, the topic of innovating and taking risks in how education and training is delivered was raised with the suggestion that resources be provided to help pilot new pathways to supports access or delivery models with an acceptance that, like with any experiment, some will fail. The issue of developing a mind-set of lifelong learning as well as specific competences such as digital skills and creativity earlier in the education system was also raised, as well as the importance of early intervention with parents of special needs children to support them in identifying educational opportunities including third level and supports to engage with third level education.

THEME 2: SKILLS AND SKILLS GAPS

The concept of mismatch within the tertiary education system was also discussed. It was noted that mismatch can take a variety of forms such as over or under education, as well as over or under skilling. In an overall sense, an examination of over-arching skills infrastructure and skill demand was deemed to be difficult but worthwhile. Specifically, a desire of a more regional or local approach to surveying skills needs and potential gaps within these was discussed. The question of how we define necessary skills and the potential role for technological solutions and better data/better consultation of existing data was further discussed in this context. The importance of a regular skills forum involving employers, trade unions and the education sector was raised as well as the need to be clear about distinguishing between short and longer term mismatch, as there is a lead in time to address gaps. The short term responses to the crisis must be considered alongside the broader issues of responses to future skills needs and lifelong learning.

On a specific note, attention was drawn to a significant self-reporting of under qualification at managerial level in recent data, the problems faced by sectors such as biomedical-pharma in recruiting staff as well as the need for a more formal/integrated lifelong learning approach for people in key areas such as healthcare and education. New skills architecture such as the micro credentials initiative, Springboard and Skillsnet were mentioned as valuable in providing flexibility within the education system.

THEME 3: INTEGRATED APPROACHES

A theme that emerged across different strands of the discussion was the need for an integrated approach through the education system and also between the third level sector and other stakeholders. With the former, it was noted that while a lot of opportunities in FET and HE exist, the complexity of the system from the student perspective can be a challenge. The need for clearer communications of progression through pathways was discussed e.g. it should be possible to start at a level 1 and move through to a level 10 with an integrated experience across third level important for individuals or companies. This relates to a point of discussion under Theme 1 with regard to providing greater communication around FET options at secondary and primary levels of education.

Also within the theme of an integrated approach, the concept of co-creation/enterprise as a full partner with employers and other stakeholders was discussed on one hand but also the importance of the autonomy of institutions with the need to avoid reforms that create a homogenous sector was mentioned. The importance of the arts and humanities in fostering important skills such as engaged citizenship, embracing ambiguity and complexity was discussed. Allied to this, on a more specific note, the importance of firmer linkages between business schools and research in the sciences within higher education was raised. Other points of note discussed were the need to be cognisant of the scalability

of any reforms/changes in the system, the desire for greater sharing of any future evidence base between higher and further education and the need for a conversation around the role of the National Training Fund within the third level sector. Finally, within this theme, the desire for more of these integrated discussions such as that which took place today was expressed.

CONCLUSION

In summary, an engaging and energetic discussion took place with a broad range of stakeholders placing their views around a number of important areas within the further and higher education sectors. There was broad consensus that a system that helps nurture a culture of lifelong learning and provides a selection of pathways to such learning is merited. A more nuanced approach to identifying skills needs, the value of skills such as digital literacy, skills engendered through the arts and humanities as well as better integration between different levels of education and between industry also featured.

The event concluded with the Minister and rapporteur thanking all contributors for their engagement in the discussion.

BREAKOUT SESSION 8

BRIDGING THE VIABILITY AND AFFORDABILITY GAPS IN HOUSING AND INVESTING IN OUR CITIES

CHAIR: MINISTER FOR HOUSING, LOCAL GOVERNMENT AND HERITAGE,
DARRAGH O'BRIEN, T.D.

RAPPORTEUR: DR RONAN LYONS

INTRODUCTION

Ireland's housing system is under extraordinary strain. The **root issue is a mismatch between weak growth in the capacity, or supply, of the housing system, and strong growth in housing need (or demand)**. As a result, the sale and rental price of housing in Ireland has nearly doubled in a decade, creating an affordability challenge for those paying market prices. While housing price increases in the period to 2006 were driven by easing of credit conditions, and as a result were concentrated in the sale sector, price increases since the early 2010s have been driven by a failure of supply, in both market and social segments of the housing system, to meet new demand. In both segments, a key contributory factor is cost, or the level of resources needed to provide for new housing. The **net result is a viability gap, with costs above prices, even as there are challenges to affordability, with prices high relative to incomes**.

This breakout session focused on housing and started with a brief introduction by Minister O'Brien, who outlined recent Government initiatives aimed at addressing challenges in the housing system. This was followed by some opening remarks from the Rapporteur, designed at providing some structure for the discussion to follow. Thereafter, there followed a rich discussion, structured around the following **three themes arising from the title of the session: (i) bridging the viability gap; (ii) the affordability challenge; and (iii) investing in our cities**. This report gives an overview of the discussion.

THEME 1: BRIDGING THE VIABILITY GAP

The first theme discussed was the viability gap. Whether new housing is viable is a reflection of the **relationship between housing prices and housing costs**. Where costs are high relative to prices, new supply is unlikely, especially outside those segments serving those households on highest incomes.

During the discussion of this theme, a number of issues were raised in relation to the data and **informational infrastructure** available to policymakers and others:

- Firstly, it was noted that Ireland lacks **registers of land and property ownership** and, related, any **database on land transfers**, similar to the Property Price Register. Unlike most of Europe, Ireland **lacks a cadastre**, a comprehensive database of land ownership and estimated **land values**, updated with each land transfer. While new transactions involve registration of title (the Land Registry), this gradual process omits empty and derelict sites and sites where ownership is unclear,

which may be of significant value to the housing system. Without a cadastre in Ireland, policymakers and others in the housing system will struggle to understand how best to use the land available, in particular scarce and valuable urban land.

- Similarly, Ireland lacks a **register of residence**, a database of who lives where (as opposed to a database of who owns what), and thus any understanding of the drivers of vacancy. Again, this is something common in most of Europe and, again, its absence in Ireland reduces the tools available to policymakers. For example, the idea of taxing empty and derelict sites or homes is often couched as legally tricky. However, with a register of residence, this becomes a far simpler issue of assigning tax credits for residence.
- The third point in relation to improving the data infrastructure related to **costs of construction**. A number of studies have highlighted that Ireland faces very high costs of construction, per square metre, compared to household incomes and compared to other countries. However, while information is available at a high level on this, the next level of detail down is largely missing and thus it is unclear how policymakers might, for example, target a 30 per cent reduction in build costs.

Related to this, a number of contributors mentioned the possibility for **new methods of construction** to bring down build costs. Such innovation and digital disruption may also generate other economic benefits, including employment in volumetric construction. If such methods are to be used to alleviate Ireland's housing shortages, there may be greater need for **standardization of dwelling typologies**, to facilitate the economies of scale needed to bring costs down.

This in turn raised the planning system, which currently works against such standardization with dwelling-level interventions. With far shorter times between applications and construction in other countries, such as Denmark and Finland, and greater certainty in the process, there is **scope for Ireland's planning system to be more efficient**, while maintaining high standards. More generally, it was highlighted that the **burden of costs**, such as Judicial Reviews, falls on the ultimate occupants of the dwellings built, worsening viability.

Finally, in this theme, a number of participants asked about the **timeframe needed for additional capacity**, with a range of studies highlighting underlying housing need of up to 50,000 homes per year.

THEME 2: THE AFFORDABILITY CHALLENGE

The second key theme discussed was the affordability challenge, i.e. the **high price of housing relative to incomes**. Whereas viability challenges are more acute outside of Dublin, given the lower price of housing and relatively similar build costs, affordability challenges are greatest in the capital.

Across a number of contributions, the principle of the **non-profit and for-profit sectors working together** to solve the housing challenge was stressed. Related to this, there was a sense of encouragement that cost rental schemes are going live after significant progress during the last year, particularly where those schemes are linked not only to costs but to household incomes also. **With cost rental, the opportunity exists for mixing of tenures** within developments and, related, the joint operation of non-profit and for-profit sectors in meeting Ireland's housing need.

There was a concern that 'housing speak' or jargon has emerged – including the concepts of social or affordable housing – that does not resonate with the wider public and that other concepts, such as 'local authority housing' may be more familiar.

While some contributors highlighted the importance of enabling home ownership for those who wish it, it was also stressed that **there should not be a 'hierarchy of tenures'**. This is particularly the case as Ireland continues to age and a greater variety of tenures for over-65s becomes more common.

Contributors also highlighted the importance of access to finance, not just for households themselves but for smaller operators in the housing sectors, and greater clarity on the role policymakers see for smaller-scale landlords and investors.

Given the presence of both viability (price-to-cost) and affordability (price-to-income) challenges, the first two themes suggest a **key priority for policymakers is to understand and manage the ratio of the cost of providing housing to household incomes**. In this way, policymakers can best ensure that the market and supported housing sectors cover the entire distribution of households, avoiding a 'Forgotten Middle' whose incomes are too high for social housing but not high enough to cover build costs.

THEME 3: INVESTING IN CITIES

The final theme, discussed more briefly, related to investment in Ireland's cities and how best to ensure that Ireland's cities thrive. Particularly in a post-Covid world, it was suggested that cities need to be seen **not just as centres of employment but as centres of enjoyment**, i.e. that cities are for living as well as working.

Related to this was the idea that Irish cities are competing not with each other at a global scale and it may help in that regard to have some **concept of each Irish city's "USP"** (unique selling proposition).

With liveability comes accessibility and it was highlighted that **those with different needs** and abilities are not just to be accommodated, but rather are consumers, visitors and spenders as are other households. This relates to the point made above about Ireland's rapidly growing older population.

The topic of **compact growth, and the related concept of sustainability**, was also raised. This brings up the wider policy issue of land use, in turn connecting back to the point about land values raised in Theme 1 above. Land value tax, or some other **system of value capture** and internalising the spillover effects of good and bad land use, was also mentioned in this context.

Lastly, it was highlighted that housing sits within a **wider set of systems or social infrastructure**. This includes digital infrastructure but also water, waste water, transport and energy.

CONCLUSION

The wide-ranging discussion raised a number of useful points for policymakers to consider as they seek to improve the health of Ireland's housing system. At a high level, two broad points suggest themselves by way of conclusion. The first is it remains **incumbent on policymakers to design systems that reflect the current level and incidence of taxes and costs**. In a setting with very strong demand, costs are very likely to be borne by occupants of new housing. Secondly, there is huge opportunity for Ireland to develop systems that **steer private savings, both domestic and international, into initiatives that deliver public good**, whether related to housing, liveable cities or other aspects of the infrastructure Ireland's growing and ageing population needs.

BREAKOUT SESSION 9

AGRI-FOOD POST-COVID AND LOOKING TOWARDS THE FUTURE

CHAIR: MINISTER OF STATE WITH SPECIAL RESPONSIBILITY FOR RESEARCH AND DEVELOPMENT, FARM SAFETY AND NEW MARKET DEVELOPMENT,
MARTIN HEYDON, T.D.

RAPPORTEUR: PROFESSOR MICHAEL WALLACE

INTRODUCTION

Minister Heydon opened the discussion by referring to the critical role of the agri-food sector in maintaining food supply chains during the Covid-19 pandemic. He noted that while there had been disruptions, such as labour shortages and logistical challenges, these difficulties were generally short term, and the food system proved to be remarkably resilient. The prolonged closures of the global hospitality sector had created problems, especially for beef, seafood, prepared consumer foods, and beverages. Still, Ireland's overall agricultural output in 2020 was 3.1 per cent higher than in 2019, and agri-food exports of €14.2bn for 2020 were only slightly below 2019. The Minister acknowledged this resilience as a credit to all the stakeholders.

The Minister proceeded to signpost the discussion questions in the context of the Agri-Food Strategy 2030. He referred to the strategy's vision that Ireland will be a world leader in sustainable food systems, and he mentioned the strategy's four missions for realising the vision.

Following the Minister's introduction, the breakout session yielded a very constructive and wide-ranging discussion of the agri-food sector's adaptation to the Covid-19 pandemic and its strategic priorities as the crisis recedes. There was full engagement from participants as they contributed experiences and insights in a spirit of open and positive debate. While the discussions embraced a wide range of issues, the principal themes encompassed:

1. The proven resilience of the agri-food sector
2. Opportunities and challenges of embedding sustainability
3. Fostering enterprise and innovation
4. Collaboration, inclusivity, and coherence in policy design

THEME 1: PROVEN RESILIENCE OF THE AGRI-FOOD SECTOR

Participants agreed that the agri-food sector had demonstrated remarkable resilience amidst the unprecedented turmoil created by the pandemic. They remarked that resilience was an in-built characteristic of the primary producer and processing sectors even before the current emergency. This strength reflected a proven capacity of the industry to respond proactively to past crises.

The conversation indicated a stoical attitude to the Covid-19 pandemic among primary producers and agri-food employees, recognising the essential nature of their industry. Participants suggested that agri-food, due to its resilience, had placed a smaller burden on the national exchequer through pandemic supports compared to most other sectors.

There was an acknowledgment that the loss of food service customers due to the pandemic restrictions was an immense challenge. Still, businesses rapidly and successfully re-orientated to retail markets, despite often lower margins and higher costs.

Participants noted the responsive and coordinated way that the food processing industry introduced extensive protocols, including serial testing, to mitigate the risks of Covid-19 transmission among workers. Related discussion welcomed the introduction of the new statutory sick pay scheme. Contributors noted that the pandemic had led to a re-appreciation of the vital role of the agri-food sector in delivering safe and secure food supplies.

The ongoing impacts of Brexit were a recurring area of discussion. Participants indicated that further Brexit-related challenges would emerge after 1 October when the UK introduces additional SPS checks and requirements for veterinary certificates come into force. Alongside other inflationary pressures, participants emphasised that the additional trade costs arising from Brexit represented a significant burden for Irish agri-food businesses. Participants also expressed concerns about trade agreements such as Mercosur and the UK-Australia deal and their potential implications for Irish exports to European markets. Contributors stressed that free trade agreements require comprehensive assessments of their potential impacts on the agri-food sector.

A related thread of discussion identified the threat to the viability of Irish fishing fleets due to reductions in allowable catches arising from the EU-UK Trade and Cooperation Agreement. Participants emphasised that quota reductions had compounded the already challenging circumstances created by the pandemic in seafood markets.

Contributors also highlighted the need for continuing vigilance through integrated and robust processes to maintain sectoral resilience and capacity to deal with potential emergencies.

THEME 2: OPPORTUNITIES AND CHALLENGES OF EMBEDDING SUSTAINABILITY

There was general support for advancing sustainability at the centre of Ireland's Agri-Food Strategy 2030, and the discussion reflected on all three pillars of sustainability (economic, environmental and social). The narrative highlighted opportunities in this strategy, such as value-added through product innovation and the sustainability branding of Irish produce (such as carbon labelling).

Participants acknowledged the importance of enhanced environmental ambition citing water quality, biodiversity (including farmland birds), and climate change. In particular, contributors commented on the enormity of meeting emissions targets in the Climate Bill. Members suggested that the challenge of the climate targets could exceed the threats posed by Brexit and the Covid-19 pandemic. Participants noted that flexibilities were necessary for agri-food in recognition of factors such as carbon leakage. A further discussion along this thread considered opportunities for revisions to the methodology used in carbon accounting to recognise the distinct characteristics of biogenic methane and the levels of sequestration by farm hedgerows and permanent grassland.

A key strand of conversation encompassed the trade-offs among the dimensions of sustainability. For example, when implementing climate measures, members emphasised that the industry must not lose sight of the need to maintain its international competitiveness, specifically in grass-based dairy and beef systems. Income pressures on primary producers due to low prices were identified as an acute vulnerability. Participants advocated enhanced fairness in food supply chains to enable farmers to gain

a higher share of the consumer retail value. Specifically, members recommended that producer prices should reflect the additional costs of environmental sustainability measures so that the economic viability of farms is not undermined.

THEME 3: FOSTERING ENTERPRISE AND INNOVATION

Participants highlighted that innovation within farming and other businesses is essential to meeting future challenges and reinforcing the resilience of the agri-food sector. A key thread of this conversation comprised the role of entrepreneurship and innovation in promoting sustainability. Specifically, contributors highlighted the potential of food innovation hubs and enterprise incubators to create new value-added products for global markets. It was suggested that these approaches could also support businesses with the necessary up-scaling needed for international export markets. Members indicated that an enterprise focus is critical for the balanced economic development of rural areas and necessitates a long term strategy involving enhanced collaboration at regional and community levels. They also emphasised that value-added often comes from smaller businesses and is not confined to larger ones.

The vital role of female entrepreneurs was acknowledged, highlighting the benefits of greater diversity and renewal in local farms and other businesses. Members noted that numerous successful new ventures developed by female entrepreneurs are crucial to the sustainable development of rural communities.

Contributors also referred to the opportunities for primary producers to develop new revenue streams in areas such as renewable energy. The merits of promoting greater circularity were highlighted, such as the potential role of anaerobic digestion for energy production and the resulting digestate replacing imported fertiliser.

Participants noted that greater integration of farming and forestry offers vital economic and ecological opportunities. They suggested priorities for agro-forestry relating to species diversity (e.g. more hardwoods), market development in the construction and utilities sectors, and promoting the tourism/amenity value of woodlands.

THEME 4: COLLABORATION, INCLUSIVITY, AND POLICY COHERENCE

Participants acknowledged the value of collaboration, internally and externally, to build and sustain the resilience of the agri-food sector. Specifically, they highlighted the importance of the collaborative and inclusive approach to policy development nationally, especially referencing the Agri-Food Strategy 2030 formation process. However, it was also mentioned that some groups such as agri-food-workers and fishers were insufficiently represented, which could result in some challenges being overlooked, and might impact on the successful implementation of the strategy.

Issues of policy coherence were also raised, such as the need for enhanced consistency between CAP measures in Pillars 1 and 2. Contributors suggested that policy responses should mitigate previous instances of land areas conserved for environmental measures under Pillar 2 schemes being disqualified for payment under Pillar 1.

Participants expressed concerns about the complexity and time frames associated with planning permissions for renewable energy projects. Leadership through improved incentives, reduced planning barriers, and better policy alignment was viewed as essential for realising the renewable energy targets in the Department of Agriculture, Food and the Marine's Ag Climatise roadmap.

Contributors identified the importance of a whole Government approach on renewable energy to provide further confidence and certainty for investors. It was also contended that this approach should be complemented by a more ambitious scheme for public goods funded through the carbon tax.

Participants also noted the value of collaboration between businesses, the Government, and Bord Bia in broadening the reach of Irish food companies in high-priority growth markets. The importance of international trade missions and continued investment in R&D were also emphasised.

The pivotal importance of generational renewal also featured in the discussions, stressing the role of national and EU policies in supporting the establishment of young, trained farmers alongside measures for promoting necessary succession planning.

CONCLUSION

Participants of the breakout session widely acknowledged the inherent resilience of Irish agri-food, enabling the sector to emerge from the Covid-19 crisis in a strong position. Notwithstanding recognised challenges such as climate change and Brexit, the participants were optimistic about the outlook for the sector based on its competitive strengths and the opportunities to service growing markets. There was agreement on the necessity of embedding sustainability at the centre of Ireland's Agri-Food Strategy 2030 and broad recognition of the value of a collaborative and inclusive approach in policy development.

BREAKOUT SESSION 10

REBUILDING TOURISM IN A POST-COVID ENVIRONMENT

CHAIR: MINISTER FOR TOURISM, CULTURE, ARTS,
GAELTACHT, SPORT AND MEDIA,
CATHERINE MARTIN, T.D.

RAPPORTEUR: DR DENISE O'LEARY

INTRODUCTION

Minister Martin introduced the session by highlighting the devastation that Covid has wreaked on the sector and by reiterating the government's commitment to supporting its recovery. Four questions were posed to assist discussions and input.

1. What particular aspects of the Tourism economy remain vulnerable as the economy and society gradually reopens?
2. As we reimagine our tourism sector in Ireland, what policy measures are required to support its long term recovery and to build a more resilient and sustainable sector?
3. What are the key measures to be taken to enhance sustainable employment and to promote careers in tourism to ensure a sustainable recovery?
4. What initiatives are required to kick-start international tourism and to ensure sustainable growth in this vital export service for the economy?

Input from participants centred around a number of key themes, as outlined in this document.

THEME 1: THE IMPORTANCE OF THE SECTOR AND THE IMPACT OF THE COVID-19 PANDEMIC

The key role that the sector and its subsectors play in supporting the economy through both direct and indirect employment and income generation, was consistently highlighted. Before the Covid-19 pandemic, tourism supported more than a quarter of a million jobs, but it was estimated recently that 1 in 4 domestic tourism businesses (circa 5,000) may not recover from the pandemic.

The disproportionate impact of the pandemic on the sector as compared to many other sectors was also highlighted. Most tourism subsectors have been severely impacted from a number of perspectives. Firstly, there have been substantial economic impacts associated with extended business closures, and indeed, some businesses have yet to reopen. Examples were provided of businesses that are particularly vulnerable including those dependent on international tourism, such as tour operators, tour guides and tourism/hospitality operations in Dublin, businesses dependent on high volumes because of a low yield per head, such as visitor attractions and businesses that have not yet fully reopened such as restaurants.

The sustainability of employment and skills in the sector has also been negatively impacted with many businesses losing staff to other sectors. As a result, the ability to deliver a coherently positive experience across the sector has been compromised. Additionally, the international reputation of Ireland as a tourism destination has dis-improved during this period. To compound these issues the cost of doing business within the sector remains high e.g. energy costs, automatic pension enrolment, insurance costs etc. Brexit is a further compounding factor, but its impact on tourism has been disguised by the Covid pandemic and will only become apparent in the medium term.

The usefulness of having a National Economic Dialogue Breakout session was acknowledged and participants strongly welcomed the opportunity to provide input into ongoing discussions on the impact of the pandemic on the sector on planning for Budget 2022.

THEME 2: FINANCIAL SUPPORT FOR THE SECTOR

The considerable importance of the various government support schemes in counteracting some of the negative impacts of the pandemic was acknowledged by all participants. Continuation of financial supports is vital to ensure the viability of the industry into the future. A number of suggestions related to supports were made with the extension of the VAT rate, the CRSS and the local authority rate waivers being highlighted as particularly important. Suggestions were as follows:

- Extending the 9 per cent VAT rate beyond September 2022; a higher than 9 per cent VAT rate was viewed as reducing the competitiveness of Ireland as a tourism destination as compared to other European destinations with low tourism VAT rates.
- Maintaining and extending business financial supports such as the Covid Restrictions Support Scheme (CRSS) and Fáilte Ireland's Business Continuity Scheme.
- Extending the 3 per cent interest rate on warehoused VAT to beyond 2025 to provide businesses experiencing pandemic-related tax difficulties with time to recover.
- Maintaining local authority rates waivers, with support provided to local authorities to help cover the resulting shortfall in income, would provide much needed financial assistance to businesses.
- Bringing the entertainment sector within the 9 per cent VAT regime to provide support for that sector.
- Continuing Outdoor Recreation Support, e.g. further investment in initiatives by NPWS and OPW, in order to further enhance some of the few positive pandemic-related impacts on the industry.
- Continued investment in tourism infrastructure.
- The restructuring of debt with the involvement of the Revenue Commissioners to support individual businesses.
- Incentivising private sector investment, access to credit and support for public-private partnerships to stimulate tourism development and recovery.
- Incentivisation to encourage the return of insurance providers, who have left the market.
- There was a call for an overall review of commercial rates for businesses.
- Reduction of Excise duty on alcohol products to provide support for food and drink related hospitality businesses.
- There was a call for support for Gaeltacht areas/Irish colleges
- Multi-annual budgeting for the tourism sector to support and further develop the sector.

Several participants highlighted the importance of ensuring that businesses within the tourism sector could take advantage of funding initiatives. Travel agents were given as one of several examples of businesses who were not eligible for some of the financial support initiatives and are vulnerable as a result. Additionally, rules employed by financial institutions can be counter-productive. It was also suggested that the experience economy reaches deep into many sectors and that this should be fully reflected in terms of the eligibility of financial supports.

THEME 3: RE-IMAGINING THE SECTOR

Recovery is dependent on not only on restoring the sector but also on re-imagining it and 'building back better'. It was highlighted that tourists should be made aware of existing characteristics, such as our cultural attractions and delivery of memorable personal experiences that distinguish Ireland as a unique tourism destination. Additionally, developing new distinctive characteristics, especially a sustainable tourism industry, should be a focus. Ireland could be a leader in sustainable tourism and supporting that ambition would provide a means of 'building back better'.

Extending seasonality and regionality were seen as particularly important in the recovery, especially the extension of the shoulder season. Additionally, it was highlighted that Brexit will have an impact on all-island tourism and this will need to be addressed.

A number of suggestions were made in this regard:

- Full implementation of the Tourism Recovery Taskforce measures.
- Introducing a public spending stimulus scheme for the tourism sector that is easy to use and which would assist in maximising the shoulder season e.g. a successor to the Stay and Spend initiative which could use the previously unallocated funding.
- Clarity around the return to office roadmap, as footfall from workers in town centres supports tourism and hospitality related businesses.
- Stimulation of the night time economy to encourage domestic spending.
- Using our unique cultural attractions and the Irish language to differentiate the tourism product. A year of Culture and Food, emphasising crafts and promoting walking festivals were provided as some examples.
- Developing and marketing Irish tourism as a leader in sustainable tourism and a 'green destination'.
- Specialised supports to encourage businesses to engage in sustainable tourism and reduction of carbon emissions.
- A stronger focus on green tourism in upskilling and retraining to encourage engagement with sustainability.
- More investment in marketing was seen as key in selling Ireland as an attractive and unique destination and to prevent the country from falling further behind.
- A dedicated unit to focus on more research, data and statistics and/or engagement with CSO to ensure targeted support, training and marketing.

THEME 4: REINVIGORATING INTERNATIONAL TOURISM

Although domestic tourism provided a lifeline in the summer of 2020, it cannot make up for the shortfall in revenue as a result of the loss of inbound overseas tourism which, before the pandemic, accounted

for approximately 75 per cent of the revenue generated by the sector. Thus, the importance of support for the aviation sector, which was seen as very fragile, was emphasised. It was highlighted that international gateways, particularly to the US may not return and even if they do, are likely to take years. Accordingly, reduced airline capacity was seen as something that would continue to be an issue into the future. This in turn, will have a knock-on effect on almost all of the other tourism subsectors. Hotel occupancy rates, for example, are likely to take a long time to recover.

Suggestions were made relating to reinvigorating international tourism and improving connectivity with world markets for inbound tourism:

- Development and roll out of the digital Covid certificate, as well as the need for it to be extended beyond the EU to the US and the UK, was viewed as vital in this regard.
- Clarity, both in the short and medium term on international travel guidance was also seen as key in helping to reconnect with international markets.
- There were also suggestions that reimagining and supporting regional airports could support regionality from a tourism growth perspective.
- Allowing trade fares to reopen was suggested as a means of supporting the sector.

THEME 5: ADDRESSING SKILLS NEEDS AND SUSTAINABLE EMPLOYMENT IN THE SECTOR

Skilled staff have left the sector for other sectors during the pandemic, exacerbating an already existing skills shortage. Creating a resilient sector by building a pipeline of new talent continues to be inhibited by low wages and tourism needs to become a more attractive long term career option to address the skills shortage. Additionally, some professions within tourism are not widely recognised or regulated as such in Ireland unlike in some other countries e.g. tour guides. Existing government support for education and training e.g. through Skillsnet and Solas, was deemed useful. Suggestions on how to address skills needs and encourage sustainable employment included:

- There was a call for extending the Employment Wage Subsidy Scheme to March 2022 to encourage staff to stay in the industry in the short term.
- Supports to help increase female participation in the tourism sector were seen as one means of addressing skills needs.
- Recognising and regulating some professions within tourism to increase their attractiveness to potential workers.
- Reviewing the approval process for work permits/application timelines etc. and marketing Ireland as a place to work/live/receive an education were highlighted as ways to encourage international workers.
- More investment in marketing tourism as a career was seen as a means of encouraging individuals to see the sector as an attractive option.
- There were calls for supporting greater access to skills development through education and training.
- There was a suggestion for an examination of current course offerings to examine duplication, and to ensure that industry needs are met.
- Creation of a centralised Labour Market Intelligence Unit to engage in more market research and assist in promotional campaigns was highlighted as a means of ensuring targeted and effective marketing.

- Support for a stronger focus in education and training on sustainability skills and digital skills was highlighted as important.

CONCLUSION

The tourism sector is one of the most important industries in Ireland, in terms of employment and revenue generation, but has also been one of the most severely impacted sectors. There was acknowledgement within the group that government support during the pandemic has been vital in ensuring sustainability of the sector and participants also acknowledged the importance of collaboration. Recovery was discussed within the context of a reimagined tourism sector with a greater focus on environmental, social and economic sustainability. There was a strong consensus that continued government support, underpinned by policy instruments and associated funding will be critical in ensuring sectoral recovery and future growth.



Rialtas na hÉireann
Government of Ireland

Tithe an Rialtas, Sráid Mhuirfean Uacht,
Baile Átha Cliath 2, D02 R583, Éire
Government Buildings, Upper Merrion Street,
Dublin 2, D02 R583, Ireland

T:+353 1 676 7571
@IRLDeptFinance
@IRLDeptPER
www.gov.ie/finance
www.gov.ie/per