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Submission to the Commission on Taxation and Welfare

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National Women's Council

Introduction

The National Women's Council (NWC) is the leading national representative organisation for women and women's groups in Ireland, founded in 1973. We have over 190-member groups and a large and growing community of individual supporters. The ambition of the National Women's Council is an Ireland where every woman enjoys true equality and no woman is left behind. This ambition shapes and informs our work, and, with our living values, how we work. We are a movement-building organisation rooted in our membership, working on the whole island of Ireland. We are also part of the international movement to protect and advance women's and girls' rights. Our purpose is to lead action for the achievement of women's and girls' equality through mobilising, influencing, and building solidarity. NWC welcomes the opportunity to make this submission and looks forward to participation in the wider consultation process of which this submission is part.

It is widely accepted that the COVID-19 pandemic has exacerbated existing gender inequalities. Women took on more unpaid care and the sectors in which women work were disproportionately affected. The pandemic highlighted the male breadwinner model which still prevails in Ireland. It revealed our dependence on the unpaid care labour of women and our reliance on a low paid female workforce for many of our 'essential' jobs. It exposed the gaps in our public services, particularly those relating to care, both adult and social care and childcare. The Commission on Taxation and Welfare now has an opportunity to address these inequalities.

Taxation systems have not been designed to promote gender equality, but rather have developed over centuries of war and peace to raise revenue for states. However, in modern democracies domestic (and international) taxation systems are one of the most powerful tools available to states to develop equal and just political economies. As well established through research women are less likely to be high earners than men, and are also less likely to be asset rich. As a result, progressive income and capital taxation, and welfare policies more generally, redistribute income not only between rich and poor, but between men and women. NWC recognises that Ireland's tax system is broadly progressive and this submission outlines what NWC sees as the core areas where the taxation and welfare system of Ireland could be further reformed to provide greater gender equity.

Firstly, this submission considers the area of women's employment and interaction of the work and welfare systems. It considers key barriers to women ability to participate in the labour market: unpaid care responsibilities and prohibitively expensive childcare. As the care sector has a predominately female workforce, without increased public funding, significant improvements for one group of women will be at the expense of others. Therefore, NWC recommends an increase in public spending of 1% of national income to adequately fund Ireland's care economy. Other reforms to work and welfare, such as addressing low pay and poverty, gender sensitive active labour market policy and ending the dependency of women in our social welfare system through individualised social welfare payments, are also addressed.

Secondly, this submission looks at the area of pensions. Women are more dependent than men on the state pension. We recommend no increases to the pension age and that an adequate, universal pension be paid for through increases in taxation and PRSI.

Finally, we consider the area of VAT as a source of gender bias requires looking beyond individual comparisons of effects for the male and female population. Taxation and welfare system reforms need to be addressed in tandem and not ignore divisions of families as dual or single-headed households with or without a male or female primary earner, with or without dependents, and with or without access to wealth; these are issues we cover next. This submission concludes with a summary of recommendations across these areas.

The work of the Commission on Taxation and Welfare has the potential to advance gender equality and so NWC strongly urges the Commission to gender proof its work as decisions are made and to publish a gender and equality impact statement of its proposals. Gender proofing is a requirement under the National Strategy for Women and Girls and is a recommendation of the Citizens' Assembly on Gender Equality.

Taxation, employment, and gender equality

Ireland has unusually high levels of market inequality, meaning that the distribution of income before taxes and transfers is highly skewed. One reason is that Ireland has many low work intensity households, households that do comparatively little paid work. This arises due to very high childcare costs, comparatively high rates of low pay, and a targeted system of cash transfers which though not sufficient to protect against poverty for many,[1] provides just enough income for families to survive. Owing mostly to lower employment, the gender gap in market income – wages, self-employment income, rents, private pension and other investment income – is high. However, the Irish taxation system does much to lower the market inequality in general, and the gender difference in market income in particular.[2]

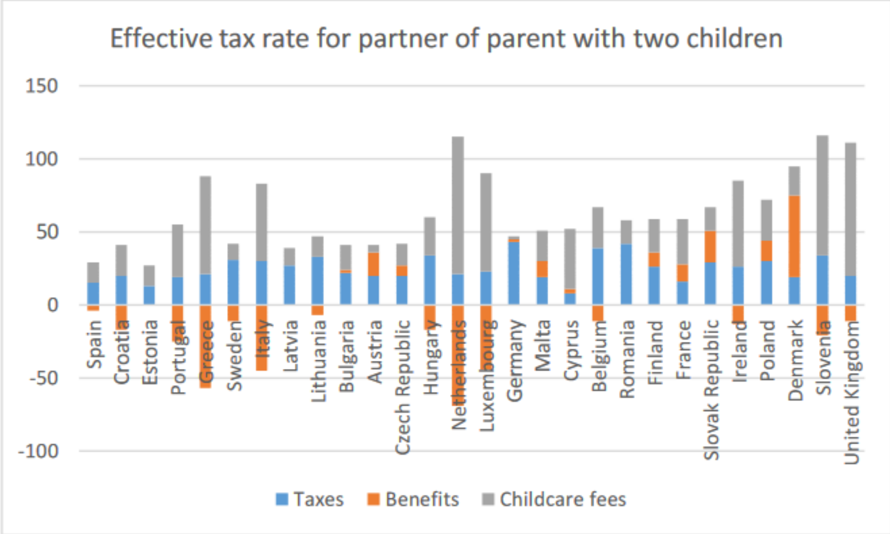
Ireland operates a system of joint taxation for married, co-habiting, and civil union couples. This means that the part of the standard rate tax band can be transferred between the higher earner and the lower earner. In the case of heterosexual couples, the higher earner is typically the man and the lower earner is typically the woman. This means that the man can pay tax at the standard or lower rate for a greater share of his income compared to if he was single. Correspondingly, the woman's threshold beyond which the woman pays tax at the higher rate is lowered. The overall tax burden for the couple is lowered, but the lower earner faces a higher rate of taxation on her individual income. This creates a financial disincentive to do paid work, a financial incentive to do unpaid caring work and operates as a social sanction on patriarchal norms. The weakening of joint taxation and the move toward individualization at the turn of the century is estimated to have increased the female employment rate by 5 to 6 percentage points.[3]

The effect of the tax system on lone parents' propensity to do paid work would seem to be different. As discussed, Ireland has a progressive taxation system, which means that those on low pay and low incomes pay little in the way of income tax. As of 2022, the first €36,800 for a single person is taxed at 20%, and anything above is taxed at 40%. However, Ireland has a system of tax credits which reduces the total amount of tax paid by the amount of the credit, such as the employee tax credit which lowers an employee's tax liability by €1,700. If that person is also single then the single person tax credit can be availed of, lowering the tax liability by another €1,700. Lone parents can avail of the single person child carer credit, which lowers the lone parent's liability by €1,650 and also extends the standard rate threshold by €4,000. This means that up to €40,800 can be earned before the higher rate of 40% is paid, less than the equivalent of a single earner, two-adult household tax rate (€45,800).

Figure 1. examines the effective tax rate on entering employment for parents in Ireland and other EU countries for the year 2019. Based on the OECD tax-benefit model, it measures the proportion of earnings that are lost when employment is taken up and breaks this down according to the contributions of higher taxes, lower benefits, and childcare fees. The higher the tax rate the greater the incentive is for unpaid care work, and the lower the incentive for paid work. The figure is based on a hypothetical unpaid parent with two children in a co-habiting couple. The parent's partner earns two thirds of the average wage. The figure therefore represents the parent undertaking most of the care, who is partnered or married to a parent engaging in relatively poorly remunerated paid work.

[1] CSO (2021). SILC 2020.
[2] See Doorley, K., & Keane, C. (2020). Tax-Benefit Systems and the Gender Gap in Income. IZA DP No. 13786.
[3] See Doorely, K. (2018). Tax, work and gender equality in Ireland. Journal of Statistical and Social Inquiry Society of Ireland Vol. XLVII.

Figure 1: Effective tax rate for partner of parent with two children across EU

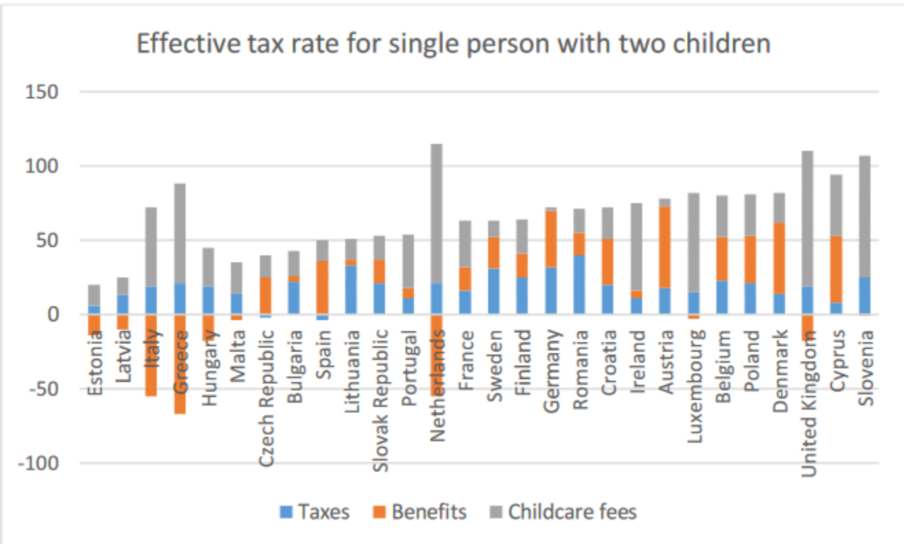


Source: OECD tax benefit model.

We see that for this household, the effective tax in Ireland is one of the highest in the EU. The effects of benefits are, in fact, negative implying the benefit system encourages people to take up paid work as government supports are continued once they are in employment. This may be a result of government grants to purchase childcare. As can be seen, taxes have a non-negligible effect, though childcare fees remain the most important financial disincentive.

Figure 2 repeats this exercise but for a hypothetical lone parent with two children. The figure is based on a hypothetical lone parent with two children. As with the previous example, various assumptions are made about household composition and the structure of benefits received. At 59%, the effective tax rate in Ireland is toward the high end by EU standards. For this typical lone parent, it means that almost three fifths of their earnings are lost by taking up paid employment. In line with our comments above, the effect of the tax system is small, as is the effect of the benefits system. Again, childcare is the most important issue.

Figure 2: Effective tax rate for a single parent with two children across EU



Source: OECD tax-benefit model.

To ascertain the effects of further tax changes on the financial incentive or disincentive to do paid work, would require simulating the joint effects of taxes, benefits, and eligibility criteria. Such an analysis is beyond the scope of this submission. More importantly, it is clear that affordability of childcare remains the single largest barrier to take up paid work. Our view is that a gender-equal welfare state that promotes employment and values care requires investment in, and public provision of early years and other forms of care. Leveraging the tax system should be a secondary instrument.

Reform our model of work and welfare

The Labour Force Participation rate for women (59.8%) remains substantially below that of men (70.5%).[4] Overall figures hide important differences in employment and labour market patterns for different groups of women:

- Only 27% of mothers with lower secondary level education are in the labour market in Ireland compared to an EU average of 42%.[5]
- Traveller women are all but excluded from the workplace, with 80% of Traveller women unemployed.[6]
- The labour force participation rate of disabled women is only 26% (compared to 35% for disabled men)[7] with disabled women experiencing multiple barriers to accessing employment including lack of workplace flexibility, discrimination and negative attitudes and stereotypes.
- Research on low work intensity households estimates that 150,000 Qualified Adults are either unemployed or under-employed and a significant proportion of these are women.[8]
- Young women workers were particularly negatively impacted by the pandemic with 7/10 women aged 15-24 unemployed in April 2021.[9]

Employment and care

A political economy based on wellbeing and inclusive growth requires all women to have the choice to actively participate in the labour market. NWC identify two main barriers to women's active participation in the labour market in Ireland: 1. Time spent on unpaid care work, which remains predominantly carried out by women, and 2. the prohibitive cost of childcare. NWC contend that the best way that the government can support economic activity and promote increased employment and prosperity of women is to target resources towards to these two areas. The provision of care, especially public provision, will support women to access the labour market and have a knock-on effect for female earnings[10]. In addition, it will mean women face less severe wage penalties resulting from time spent outside the labour market while undertaking care work[11], and may impact the fields women choose to work in, being less pushed out of necessity into fields that offer higher flexibility but lower pay[12].

Importantly, the ability for women to participate to a greater extent in the labour force will have a positive impact on economic growth and on revenue sustainability in the medium and longer term.

[4] CSO (2021). Labour Force Survey Q3 2021. https://www.cso.ie/en/releasesandpublications/ep/p-lfs/labourforcesurveyquarter32021/labourforce/
[5] NESC (2019). Gender, family and class issues in Ireland's social welfare system.
[6] Irish Human Rights and Equality Commission and Economic and Social Research Institute. Who experiences discrimination in Ireland?
[7] CSO (2017). Census 2016.
[8] NESC (2018). Low Work Intensity Households and the Quality of Supportive Services
[9] CSO monthly unemployment stats
[10] Freeman, R. (2007). 'Can marketization of household production explain the jobs.', in Salverda et al. (eds.) Services and Employment: Explaining the US-European Gap, Oxfordshire: Princeton University Press, pp. 198-216
[11] Halldén, K., Levanon, A., & Kricheli-Katz, T. (2016). Does the motherhood wage penalty differ by individual skill and country family policy? A longitudinal study of ten European countries. Social Politics: International Studies in Gender, State & Society, 23(3), 363-388.
[12] Valentino, L., Moller, S., Stearns, E., & Mickelson, R. (2016). Perceptions of future career family flexibility as a deterrent from majoring in STEM. Social Currents, 3(3), 273-292.

The provision of care is a central determinant of economic inequalities between men and women. Ireland does the most unpaid care work in the EU and although equality has increased in recent decades most unpaid care work is still performed by women[13].

Ireland's formal system of care is less developed than in other European countries. Ireland currently relies heavily on the informal sector of childminders and au pairs who face low pay and precariousness. The adult care sector increasingly relies on home care and private sector provision, with a feminised, often migrant, low paid and precarious workforce[14].

The marketisation of care work is linked to lower pay and conditions, making formal care both expensive and care work an unattractive career. Without increased public funding, significant improvements for one group of women will be at the expense of others. Therefore, NWC are advocating for the Government to target resources to publicly fund care work and childcare.

Costs to women of providing unpaid care
The fact that women continue to provide the overwhelming amount of child, elder, and other forms of care means that they are more likely to be impacted by poverty and have often been excluded from both political-economic life and cultural and leisure activities. Lone parents, as sole care givers and earners for their households are particularly impacted. Reforms to social welfare during austerity years mean that once a lone parent's youngest child turns 14, the parent is no longer entitled to Jobseekers Transitional Payment (JST) and must change to a normal jobseeker payment or working family payment. This can lead to a significant drop in income, at a time, when children become more expensive. The lone parents' caring obligations effectively become invisible to the system as they are now just viewed as jobseekers.

The existence of caring responsibilities, especially motherhood, increases the likelihood of working part-time. This reduces incomes directly through fewer hours worked and indirectly as working part-time generally pays less and provides fewer promotion opportunities. Currently Ireland supports a male breadwinner model through the tax and welfare system which incentivises male participation in the labour market and limits the amount of paid work done by women. Low levels of public spending on care means that Ireland has perhaps the most expensive childcare in the EU for families (now that the UK has left)[15]. Access to funded childcare would greatly facilitate higher incomes for women. Countries in which childcare is less developed, or is prohibitively expensive, as in Ireland, will typically have fewer women in paid employment. High childcare costs are a major financial disincentive to employment for low-income families. As alluded to above, working class women and lone parents in particular are likely to be more affected as lower wages and the withdrawal of benefits provide little economic incentive to take up employment unless the cost of childcare is heavily subsidised. These women suffer high wage penalties for long periods of time outside the labour market. Working class women have the fewest choices on combining work and family life in Ireland.[16]

Paid parental leave schemes can help parents balance work and family life and to maintain their connection to the labour market. However, provision of statutory leave supports for parents in Ireland is much lower than EU norms and there is a larger gap between the end of paid leave and the start of ECEC services. The income replacement rate of paid leave is a key factor in whether it is possible to take the leave, particularly for fathers in low incomes families[17] and for lone parents who are solely responsible for their household income. The Citizens' Assembly have made recommendations on improving paid parental leave, including increasing payment levels to encourage take up, ensuring paid leave for parents

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[13] These figures are based on microdata from the 2016 European Quality of Life Survey (EQLS), which is undertaken every four years across the EU.

[15] OECD (2020). Net childcare costs for children using childcare OECD Statbank, available at: https://data.oecd.org/benwage/net-childcare-costs.htm
[16] McGauran, A. M (2021). Ireland's Social Welfare System:Gender, Family and Class. NESC. http://files.nesc.ie/nesc_background_papers/151_background_paper_4.pdf
[17] Oireachtas Library & Research Service (2021). L&RS Bill Digest: Family Law Bill 2021

covers the first year of a child's life and providing lone parents with the same total leave period as a couple.

Pay and conditions for care workers
Ireland's system of care is in many ways less developed than in other European countries. Ireland is often classified as a liberal welfare state in which state spending on care, and public services more generally, is comparatively low. Care work requires public funding if those providing the care are to be decently compensated. It might be expected, then, that given Ireland's low levels of state support outcomes for care workers are poor.

In the childcare sector, the vast majority of the staff are front-line – some 85% of the staff in the sector (30,883) report working directly with children, and 15% report being ancillary staff[18]. Of the staff working with children, 98% are women and most (59%) are between 25-44 years old. Wages across the sector are low. In the 2019/20 programme year, the average wage was €12.45. This varies somewhat across different categories of workers, but the differences are not especially large. Centre managers earned €15.56 per hour compared to early years assistant who earned €12.19 and €11.51 if they were non-ECCE.

Pobal notes that 55% of staff earned below the living wage rate, which was €12.55 for that period[19]. It should be borne in mind that the hourly wage overstates the actual income of workers in the sector. This is due to the greater prevalence of short hours in early years work. At 45% of the workforce, part-time work is higher among early years workers than most occupations[20]. In terms of time, Irish people work on average 36.5 hours per week (Eurostat, 2020). In the early years sector only 36% of the workforce work those hours or longer, with many working significantly fewer hours[21]. Moreover, many contracts are fixed term, which usually last for 38 weeks. Only half of the workforce have permanent jobs[22].

Official statistics on the pay of adult care workers is not available. Based on a one-day survey during Covid in 2020, most adult care workers earn around €12 or less. Average pay is around €12.80 per hour. It is not clear how pay varies according to care setting. International research suggests that pay and conditions within the home care sector are worse than other care settings. As well as having sick leave and pension rights, public sector home care workers may earn €2-3 more per hour than those working in the private sector. As well as lower pay, workers in the private sector have weaker rights and are required to accept more unstable and ad hoc working hours than those working for non-profit or public sector providers.[23] Perhaps only a quarter of care assistants are members of a trade union, and precariousness is also high in the sector.

Current funding and supports for childcare
Despite more funding in recent years, Ireland still devotes a small level of resources to the care sector. Ireland ranks lowest on national spending on childcare across the OECD based on OECD public spending on early years. Consequently, both wages in the sector are low and affordability is a major problem. The formal sector currently relies on the private sector for provision and on the state for funding. Though public spending has increased in recent years through ECCE, Ireland spends less than perhaps all of its EU neighbours[24]. The reliance on informal and private provision with public subsidy, especially when the level of subsidy is low, bodes poorly for working conditions in the sector.

Though Ireland relied on third sector organisations historically, the current landscape in the formal sector is one of reliance on private provision. According to the latest figures, 74% of all services are for-profit,

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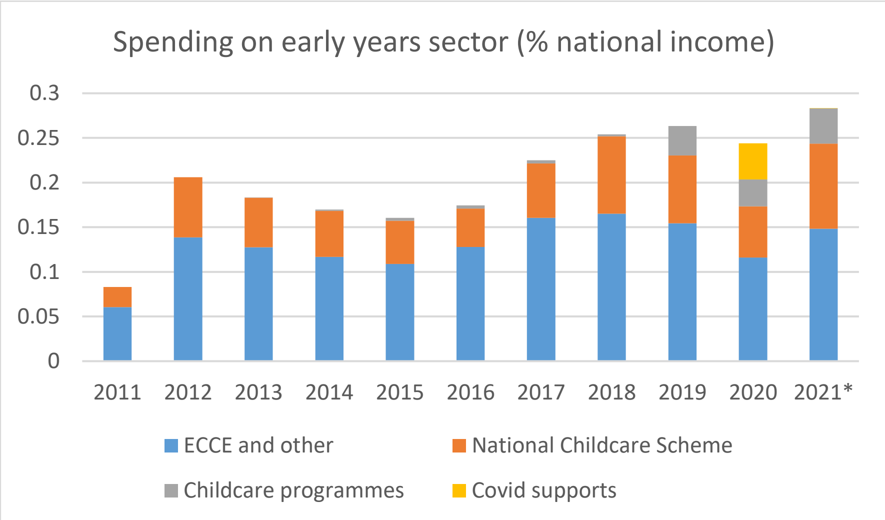
[18] Pobal (2020). '2019/2020 Annual early years sector profile report.', report, Pobal. 84
[19] Pobal (2020) 85
[20] NERI (2020)
[21] Pobal (2019) 74
[22] NERI (2020)
[23] Mulkeen, M. (2016). Going to market! An exploration of markets in social care. Administration, 64(2), 33–59.
[24] OECD (2019). Providing Quality Early Childhood Education and Care: Results from the Starting Strong Survey 2018, TALIS, Paris: OECD Publishing

while 26% are community services operating on a not-for-profit basis[25]. While historical figures on the extent of community versus private services are not available, it does suggest considerable privatisation through reliance on the for-profit system over time. Private provision is, however, very much underpinned by public funding. According to the Department of Children and Youth Affairs (DCYA), 58% of sectoral income comes from state funding with the remaining 42% coming from parental fees[26]. There is, of course, diversity among the providers and variation in their dependence on parental fees versus state funding. Most services, though, are reliant on the state – less than a fifth of providers get most of their income from fees.

Figure 3 looks at the breakdown of government spending on childcare programmes. As can be seen, most of the spending relates to the subsidising free pre-school childcare through ECCE. In 2019 the government spent almost 0.16% of GNI* on ECCE and almost 0.08% of national income on the National Childcare Scheme. Though funding declined during 2020, the figures are obviously distorted by Covid. 2021 figures are provisional, but it appears that funding is on an upward trajectory.

Figure 3: Public spending on early years in Ireland.



Sources: PER database and CSO and Department of Finance.
Notes: 2021 figures based on estimates for spending and national income.

Note that at under 0.3% of national income, Ireland is some way away from the UNICEF target of spending 1% of national income on the early years sector. Moreover, the current rate of increase, it would take several years if not decades to reach that target.

Current funding and supports for social care

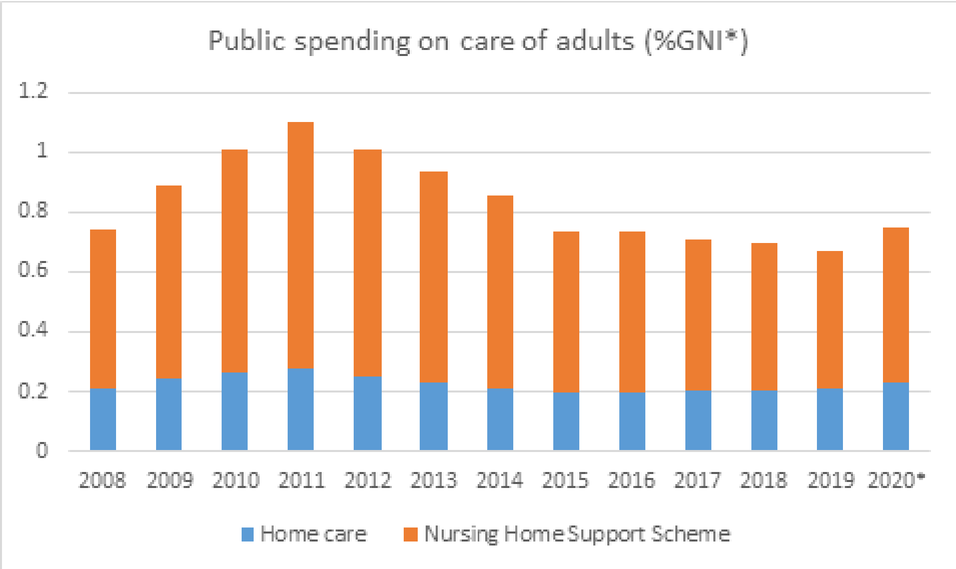
The pandemic has reinforced the inadequacy of our adult social care provision and the need for an overhaul of the design and delivery of services. Much of the social care and nursing home sector has been effectively privatised through outsourcing and the growth of for-profit providers (Sweeney, 2020). In 2013, two thirds of beds were provided by the private sector, 10% by the voluntary sector, and the remainder by the state. Most places are majority state-funded, regardless of the sector.

In terms of resources allocated to adult and long-term care, Figure 4 looks at public spending on nursing homes and home care as a percentage of national income. The figure is constructed using a variety of sources and excludes spending related to health, such as medical treatments for older people. As can be seen, there has been an overall decline in spending as a percentage of national income in the last decade.

[25] Pobal (2019): 47
[26] DCYA (2020). 'Planning for reopening early learning and care and school age childcare services – Report for government.', Department of Children and Youth Affairs, available at: https://www.gov.ie/ en/publication/e4ccf-planning-for-reopening-early-learning-and-care-and-school-age-childcareservices-report-for-government-29-may-2020/: 7

Spending appeared to increase sharply as national income declined during the crisis but the nominal or euro amount of spending held steady. More revealing is that since the recovery spending has slightly declined (as national income has grown faster than spending), though spending increased in 2020. Changes in spending have generally been driven by changes in spending on institutional care. Personal Assistant services remain chronically underfunded and inadequate to support disabled people to live independent lives and to participate in paid employment. The Citizens' Assembly recommended that disabled people be actively supported and resourced to live independently with person-centred financial supports to enable this.

Figure 4: public spending on care of adults



Sources: Nursing home spending up to 2014 are taken from PER databank. Thereafter figures are based on HSE annual reports (net spending). See also Timoney (2018: 11). Home care figures are taken from Mercille and O'Neill (2020) Home and Community Care Ireland (2019). 2020 home care figure is based on a budgeted rather than actual spending figures. GNI* figures are from the CSO.

Much of elder and social care comes under health spending. Unfortunately, cross-country comparisons are hindered by a lack of standardised data. Some studies report Ireland to be a very high spender, while others put Ireland toward the lower end in international spending, which is more in keeping with its young population (see Sweeney, 2020: 80). Total spending, public and private, on long-term care comprises a larger share of the Irish health budget than the vast majority of other countries (OECD, 2019). This could be due to greater reliance on expensive institutional care as hospital and nursing home spending comprises a relatively large component of the long-term care budget (OECD, 2021: 269).

The impact of the pandemic in residential settings has clearly revealed our need to move beyond such institutional settings. Huge public investment is made into institutions through the provision of tax breaks, capital grants and subsidies, and in the case of disability services, it is well established that this model of service provision represents poor value and delivers poor outcomes for those living there. [27]

Investment in universal, non-profit, social care services is vital to ensure older people and disabled people have the necessary supports to reduce dependence on family and friends and to maintain a private life with dignity. If spending were to increase so as that care assistants' workers were paid €15 on average instead of €12.80 that would imply an increase in spending of up to 17%. That would raise public spending by around a tenth of a percentage point to 0.9% of national income in 2020 numbers. However, both nursing home and social care spending will rise independent of any pay increases - perhaps both

[27] DOH (2012). VFMPR of disability services.

could increase by a third in the next decade.[28] Naturally, not all of this will be met with public spending increases. Nevertheless, it is not unreasonable to expect public spending to rise by 0.3% percentage points of national income over the coming years to fund the increase in services and adequate pay. When added to the need to increase early years spending by around 0.7% of national income, that implies an additional increase in public spending of 1% of national income to adequately fund Ireland's care economy.

Promoting decent work

Before the pandemic, Ireland had one of the highest rates of low paid work in the OECD; 23% of the workforce were low paid in 2019[29] compared to an OECD average of 15%.[30] Almost 70% of women are 'essential' workers and they are among the lowest paid in the economy. More than half of wholesale and retail workers[31] and 5 out of 10 childcare workers earn less than the living wage.[32] Among undocumented workers, many of whom work in care and other essential sectors, 26% report earning less than the minimum wage.[33]

While there has been increases in the minimum wage (NMW) in recent years, it stagnated during austerity years with no increase between 2007-2015. If government is serious about closing the gap between the NMW and the living wage, we need to see greater increases in the NMW than what have been delivered in recent years. Ireland's gender pay gap could decline by almost 10% if the NMW were to reach 60% of median wages.[34]

Collective bargaining is one of the most effective ways to create a more equal redistribution of income and address low pay. Countries with a high coverage of collective bargaining tend to have shorter working hours for women and men, more flexible work options under secure employment conditions, better protection for non-standard workers, as well as a reduced gender pay gap.[35] However, the proportion of employees covered by collective bargaining agreements in Ireland is low.

Public procurement can be a key lever in driving better terms and conditions for workers, given its significance in terms of government spending. Public procurement within the Public Service represents an estimated €15 billion a year.[36] Public procurement policies can promote decent work by making public contracts only available to those companies that pay a Living Wage, are addressing their gender pay gap and respect workers' right to collective bargaining.

NWC has called for investment in public services. The public sector is an important employer for women, however, Ireland's public sector accounts for a much smaller proportion of employment (15%) than other small open economies in Northern Europe (25-30%). Countries with larger public sectors employ more women and also tend to have the largest (unionised) female participation rates in the labour force.[37] Therefore, investment in public services delivers on multiple fronts for women.

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[28] Nguyen, T. D., Thomas, S. and Burke S. Assessing current and future requirements for nursing home care for people over 65 years of age in Ireland. Centre for Health Policy and Management. Available at: http://nhi.ie/wp-content/uploads/2020/10/Projecting-long-term-care-in-Ireland-13092019-FINAL.pdf
[29] Low pay refers to the share of workers earning less than two-thirds of median earnings
[30] OECD (2019). Wage levels statistics. https://data.oecd.org/earnwage/wage-levels.htm
[31] CSO (2020). LFS Minimum Wage Statistics. Q4 2019.
[32] Pobal (2021). Annual early years sector profile report 2019/2020.
[33] MRCI (2020). Live here, work here, belong here. A survey of over 1,000 undocumented people in Ireland
[34] EU Commission. Commisison staff working document impact assessment. Accompanying the document Proposal for a Directive of the European Parliament and of the Council on adequate minimum wages in the European Union SWD/2020/245 final.
[35] European Trade Union Confederation (ETUC). Collective bargaining and gender equality.
[36] DPER (2020). DPER Briefing Note Public Procurement 21/05/20
[37] Regan, A. (2020). Time for a serious political debate on fiscal reform.

Active labour market policy

Women are much less likely to benefit from active labour market programmes than men; around 65% of those benefitting from a CE Scheme or TÚS place are men, less than one in five beneficiaries of the Rural Social Scheme are women.[38] Apprenticeships are an important bridge into the labour market but only 5% of beneficiaries of investment in apprenticeships were women in 2020.[39]

If we are to move into a recovery that is inclusive of all, our ALMP must address the needs of unemployed women but also all those women who are currently not counted in the Live Register statistics because they are not in receipt of a Jobseekers payment, including many disabled women and carers. Activation should support people into decent, sustainable well-paid jobs, not jobs at any cost. Proposed returnships to support women who have taken time out of work to raise their families, as committed to in the programme for government should not repeat the mistakes made by schemes such as JobBridge.
Some sectors may not fully recover post-pandemic. In addition, changes will be required in the transition to a low carbon economy and our ALMP needs to be responsive to this. The National Economic Recovery Plan notes that additional demands for skills related to the care economy will be needed for a resilient, jobs led recovery. As well as addressing pressing unmet need for care, investment in care jobs would help us to meet our commitments to a shift towards a low carbon economy.

Equally, ALMP must address gender inequalities in access to emerging, higher paid and green jobs in STEM areas. As women are less likely to be trained and employed in STEM areas, they may not benefit from investment in green jobs if this investment is focused on industrial areas. Contrary to our policy aims, the proportion of women working in higher paid sectors like information and communications technology (ICT) in Ireland actually decreased from 30% in 2004 to 21% in 2017.[40] Investment in addressing barriers for women must be addressed if women are to benefit from investment in STEM oriented training and upskilling schemes.

Individualisation

Further evidence of the 'male breadwinner' nature of our social welfare system is provided by the concept of the 'qualified adult' or adult dependent. Under this system, welfare payments to two parent families comprise a payment for the main claimant and a Qualified Adult payment to additional adults in the household. This system creates a relationship of dependency for Qualified Adults. They do not receive an income in their own right and are excluded from accessing many active labour market programmes that require a core SW payment as a condition of eligibility.

Data from DSP show that of the 124,521 people who received a top up for a Qualified Adult in April 2021, 83% are men. Women represent the vast majority of those who are dependent adults in our social welfare system. Though appearing to be 'gender neutral', the gendered effects of this system have clear implications for women's economic independence.

DEASP's Roadmap for Social Inclusion 2020-2025 commits to examining the feasibility of individualising payments in Q2, 2020, through the provision of a direct payment to the second 'dependent' adult in a household, with a view to reducing co-dependency and improving employment and earnings outcomes. The Citizens' Assembly on Gender Equality[41] and the National Economic and Social Council[42] also recommended that we adopt a fully individualised social protection system to reflect the diversity of today's lives and to promote an equal division of paid work and care.

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[38] DSP (2020). Annual Statistics 2019. https://www.gov.ie/en/publication/02f594-annual-sws-statistical-information-report/
[39] Dept Higher Ed (2021). Action plan for apprenticeships. https://www.gov.ie/pdf/?file=https://assets.gov.ie/132640/00c012f4-531c-4578-b8bb-179db4351939.pdf#page=null
[40] https://witsireland.com/stem-resources/women-in-stem-in-ireland-by-numbers/
[41] https://www.citizensassembly.ie/en/about-the-citizens-assembly/meetings/voting-results-citizens-assembly-on-gender-equality/full-list-of-recommendations11.pdf
[42] NESC (2020). The Future of the Irish Social Welfare System: Participation and Protection

The COVID 19 income supports have demonstrated that it is possible to administer payments in an individualised way. There is now an historic opportunity to abolish the system of dependency and implement an individualised approach, based on equality where women and men are paid in their own right and have individual entitlement to all of the benefits and supports that accompany an unemployment payment.

Supporting care in the social welfare system

One of the key failings in the current system is that it does not accommodate care. Eligibility for Jobseekers payments requires women with care responsibilities to prove they can work full time. Failure to satisfy this condition means that women cannot establish an individual right to payment or to access education, training and employment opportunities, reducing women's choices with regard to decent work and increasing poverty. Failure to recognise and value care impacts most negatively on lone parents whose parenting role is disregarded by the system when their child turns fourteen.

Women predominate in part time work but part-time work is of little benefit for families trying to exit poverty, according to the ESRI who found that, currently, only full-time employment is effective in lifting families out of poverty.[43] These findings are hugely problematic for lone parents who bear primary responsibility for care and often cannot reconcile full time work with care. More broadly, it must be possible for all women and men to combine paid work and caring.

Our work and welfare systems must create the conditions in which women can access decent, secure work that is compatible with care responsibilities. Women and men must be able to combine care and work in a way that facilitates them to obtain decent work and have a secure, alternative source of income that gives them a realistic option of refusing work that does not pay.

A participation income (PI) is an alternative to our current welfare system which is overly focused on transitions from welfare to work at the expense of other forms of participation. A PI would recognise other meaningful contributions such as care or voluntary work, and other forms of work that contribute to the common good.[44] Countries like The Netherlands have taken steps towards a system that takes care and other socially useful forms of contribution into account. The Dutch system acknowledges part time work as a legitimate choice and it also gives people who are caring for children under 12 the right to access unemployment benefit.[45] NESC have recommended piloting a PI system.[46]

End Poverty

Lone parents, 86% of whom are women, continue to be among those most at risk of poverty and deprivation. More than one in five one parent families live in consistent poverty (22%)[47]. The interaction of child maintenance with the social welfare system creates additional barriers to lone parents in receipt of social welfare payments and can further contribute to poverty.[48]

Disabled people also experience unacceptably high levels of poverty, even before the additional costs of disability are taken into account.[49] Women over 65, [50] non-EU migrants,[51] and women living in rural areas experience additional challenges to having an adequate income.[52] Addressing poverty requires a whole of

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[43] Maître, B. , Russel, H., Smyth, E. (2021). The Dynamics of Child Poverty in Ireland: Evidence from GUI. https://www.esri.ie/system/files/publications/RS121.pdf
[44] Murphy, M & McGann, M (2020). Reconfiguring welfare in an eco-social state: participation income and universal services here
[45] NESC (2020). The Future of the Irish Social Welfare System: Participation and Protection.
[46] NESC (2020). The Future of the Irish Social Welfare System: Participation and Protection
[47] CSO (2021). SILC 2020
[48] https://www.nwci.ie/images/uploads/NWCI_SUBMISSION_ChildMaintenanceReviewGrpFINAL_March2021.pdf
[49] CSO (2020). SILC 2019
[50] CSO (2020). Women and men in Ireland.
[51] Eurostat (2020). People at risk of poverty or social exclusion by citizenship.
[52] VPSJ (2017). Minimum Essential Standard of Living: Update report 2017.

government approach which includes provision of universal basic services and decent work, as described previously. But it must also include providing adequate income supports to keep people out of poverty and provide a Minimum Essential Standard of Living.

Social assistance payments are a crucial support for women and must provide a decent standard of living rather than merely subsistence levels. The Citizens' Assembly has recommended that social protection payments be set at a level that lifts people above the poverty line, prevents deprivation and supports an adequate standard of living.

Creating gender equity in pension provision

An adequately funded public pension system is key to promoting equality between women and men. NWC contends that this is best achieved through a universal pension system. The continued use of tax subsidies to private pensions, the planned move to increase the retirement age, and other reforms are likely to exacerbate already significant inequalities between older women and men. NWC recommends that the pension age should not be increased, and that this should be funded in the first instance by increases in PRSI. Tax subsidies to private pensions should also be phased out.

Pillar 1

The Irish pension system is often described as a three-pillar system. The first pillar is the state funded, flat-rate system. This is financed on a pay-as-you-go basis, namely from current taxation and PRSI. Reforms over the last number of years have tied eligibility for the Pillar 1 Contributory State Pension (CSP) more strongly to the number of PRSI contributions made. Entitlement to full CSP has been and is based on the average number of PRSI contributions per year. Currently 520 contributions, or ten years of uninterrupted work, is sufficient to qualify for the payment. Even with this level of contributions, women are much less likely to have access to a full contributory State Pension than men. The Commission on Pensions recommends full implementation of the Total Contributions Approach. Under the Total Contributions Approach eligibility for the full state pension is dependent on having made 40 years of social insurance contributions. Currently, the yearly average and TCA are working side-by-side whereby a person can use whichever system leaves them better off. Those who have caring responsibilities, such as caring for young children or older children and adults with needs, can make up to 20 years of contributions under TCA, which is expected to be fully phased in in the coming years.

With over half a million recipients, the CSP is the most important pension payment in the country, comprising just over two thirds of pension spending. Spending on WCP and NCSP is comparable, with somewhat more spending on WCP. CSP and WCP are funded from the social insurance fund whereas NCSP is funded from the exchequer, or general taxation. Though the exchequer subsidies deficits when they arise, the social insurance is overwhelmingly funded by PRSI contributions, particularly employer PRSI.

The recognition of care work under TCA is a welcome development. It supports some of those who have provided unpaid care to avail of the Contributory State Pension. It remains, however, only a partial recognition of the care work that is mostly performed by women. Women born before 1st September 1946 are excluded from the benefits of the Homecaring Periods Scheme under the TCA. One still needs to have made 20 full years of contributions. This may not be possible when caring for a large family, or for disabled children who may rely on family support into adulthood due to a lack of state supports for independent living. Similarly, some women may have cared for children, after which they provide care for their partner, parent or siblings. Older women are five time more likely than older men to leave the labour market for caring responsibilities.[53] The need to drop out of the labour market is magnified by Ireland's under-developed and under-funded care sector.

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[53] National Women's Council or Ireland submission to the Commission on Pensions. See: https://www.nwci.ie/learn/publication/submission_to_commission_on_pensions

The gender distribution of care work and the more interrupted careers of women means fewer have been and are in a position to make the required PRSI contributions to obtain the CSP, and are more likely to be eligible for the WCP than men. Among the recipients of the three main state pensions: only 52% of women are in receipt of the CSP, 17% of women are in receipt of the NCSP, with the remaining 31% obtaining the lower contribution threshold survivors' WCP upon the death of their spouse.[54] As more women enter the labour market, or stay in the labour market for longer periods, it can be expected that the CSP will continue to grow in importance for them, albeit full pension payments may be more difficult to access under the Total Contributions Approach. Adequate revenue from PRSI contributions is and will therefore be essential to secure the financial futures of older people in Ireland, including of older women. We discuss this further in the context of a universal pension.

Pillar 2 and 3

The occupational pension or second pillar is the system of pensions whereby the employer and employee make contributions. Most of these schemes are funded, that is invested through a fund, except for pensions in the public sector which are funded from taxation. For the self-employed, workers whose employers do not offer occupational scheme, or for higher income and other people who want to supplement their occupational pension, it is possible to set up a personal/private pension scheme. This is the third pillar. This might be done through a life insurance company, sometimes with the assistance of the employer.

Along with plans to implement mandatory or auto-enrollment, tax subsidies are used to encourage the take-up of occupational and personal pensions, henceforth private pensions. As with many other OECD countries, the tax treatment of private pensions in Ireland is said to take an EET approach (exempt, exempt, tax). Contributions into the fund are exempt from taxation, and the capital gains on the assets in which the fund invests in are also exempt.[55] When the pension income is drawn down in retirement, that income is then subject to taxation. As men are more likely to use private pensions, and they earn more and for longer throughout their working lives, two thirds of the 'fiscal welfare' accrues to men, particularly high-earning men.[56]

State spending on private pension tax relief amounted to some €2.4 billion in 2014, or around half of what the state spent on Pillar 1 that year. Comprising 3.23% of annual tax revenue, Ireland is one of the more aggressive users of tax subsidies to private pensions.[57] Of course, this compensates for its comparatively low public spending. However, as these subsidies are intended to induce behavioural change, the policy has not been a success to date. Despite the large outlays, there has been little change in private pension coverage over the last number years.

Gender inequalities in pensions

Though the distribution of unpaid care has grown more equal over the decades, and is likely to continue to become more equal if public investment in care is made, the fact remains that women still shoulder most caring responsibilities[58] and a full equalisation of caring duties is unlikely to happen soon. Aside from valuing care work in and of itself for its essential role in social reproduction, valuing care work is essential for gender equality, including equality among older women and men.

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[54] Report of the Commission on Pensions (2021). See: https://www.gov.ie/en/publication/6cb6d-report-of-the-commission-on-pensions/

[55] Tax relief on contributions is available at the marginal rate, meaning that a worker who contributes €2000 and earns €60,000 is deemed to earn €58,000 for income tax purposes. The amount of income subject to the higher tax rate is reduced. An alternative approach would make relief available at the standard rate. That is, the amount of income subject to the lower, 20% rate is reduced by 2,000, while the amount of income taxed at 40% remains the same.

[56] Collins, M. L. (2020). Private pensions and the gender distribution of fiscal welfare. *Social Policy and Society*, *19*(3), 500-516.

[57] Collins, M. L., & Hughes, G. (2017). Supporting Pension Contributions Through the Tax System: Outcomes, Costs and Examining Reform. *The Economic and Social Review*, *48*(4), 489-514.

[58] The gender distribution of total work – unpaid and paid – is quite equal in Ireland. Moreover, though traditional cultural attitudes toward women's employment appear to reinforce the gendered division of labour, such attitudes are as much an outcome rather than cause of such divisions in developed countries. When public investments in childcare are made, and women take up more paid employment, it seems to be then and not before that traditional attitudes become more egalitarian. See: https://sjes.springeropen.com/articles/10.1186/s41937-020-00065-7

Because of the gendered division of care work, gender inequalities in pension income are high. The pension income gap - the difference between male and female annual pension income - is 29% in Ireland.[59] This makes the pension income gap higher in Ireland than in most EU and OECD countries.[60] As outlined, this gap arises from gender differences in pay, hours worked within a job, and gender differences employment rates over life. This result in large differences in pension income, driven by differences in private pension income, in particular. The State Pension comprises 71% of total pension income for women, but only 43% for men. These numbers have likely changed since 2010, the year of data for the most recent study.[61] As progressively more women entered the labour market through the 70s and 80s, the later cohorts who are now retiring are more likely to have occupational and private pensions. Still, only 28% of women compared to 55% of men have occupational or private pensions according to the most recent study. The state pension system therefore plays an important role in narrowing gender inequalities among older women and men, and is likely to continue to do so in the future.

Gender inequalities in older age are therefore best combatted through a universal pension system. As NWC has long advocated for, and as reiterated in its recent submission to the Pension Commission, a universal approach can prevent poverty, value care work and promote gender equality. It can better support those who encounter barriers to the labour market, including disabled people, carers, lone parents and Travellers.

A universal pension would entitle all to the same pension payment, which should be benchmarked at a level sufficient to provide an income to live with dignity, for example, 40% of average earnings. While, most universal systems have a residency requirement of some sort, a universal payment would simplify the system and reduce bureaucracy. As society gets older, this would require increases in taxation and PRSI. A complete description of a universal pension and how it might be funded is beyond to scope of this submission. The following section outlines how revenue may be raised in the coming years to maintain the universality and gender-equalising components of Ireland's pension system.

Revenue raising and future pension spending

The pension age in Ireland is currently 66, which means that Ireland has one of the highest pension ages in the EU and OECD. The pension age was due to rise to 67 in January 2021 and then to 68 in January 2028. The Pension Commission has recommended to maintain the current pension age of 66 until 2028, after which it would rise three months annually and subsequently three months every two years. The state pension age would then reach 67 in 2031 and 68 in 2039. Moving to a pension age of 68 would again put Ireland as one of the latest retiring countries in the OECD as the average future retirement age in the OECD is 66.[62] Extending the pension age is likely to exacerbate the pension income gap. The gender pay gap is higher at older ages[63] so that an extension of working life prolongs that part of working life in which women contribute less than men to their pensions. For this and other reasons, we therefore recommend maintaining Ireland's pension age of 66.

Under the state's commissioned actuarial reviews, if there were no changes to the retirement age, state expenditure on pensions would rise from 6.4% of GNI* in 2020 to 9.9% in 2050, and to 11.3% in 2070 as society ages. The originally planned increases in the retirement age lowers spending by 0.8% of national income in 2050 and by just 0.9% in 2070. Even with no change in policy, public pension spending in Ireland would still comprise a smaller share of national income than the EU and OECD average in 2050, and beyond.[64] Moreover, increasing the retirement age will have only a modest impact on containing

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[59] Eurostat (2021) Closing the gender pension gap. See: https://ec.europa.eu/eurostat/en/web/products-eurostat-news/-/ddn-20210203-1

[60] OECD (2021) Pensions at a glance. See pp. 175

[61] Nolan, A., Whelan, A., McGuinness, S., & Maître, B. (2019). *Gender, pensions and income in retirement* (No. 87). Research Series.

[62] Pensions at a Glance (2021), pp. 133:

[63] Wilson, L. (2020) How unequal? The unadjusted gender pay gap in earnings in Northern Ireland & the Republic of Ireland, Nevin Economics Research Institute, WP 69. See pp. 56: https://nerinstitute.net/research/how-unequal-unadjusted-gender-pay-gap-earnings-northern-ireland-and-republic-ireland

[64] Pensions at a Glance (2021), pp.203

spending growth, whether the retirement age is increased as originally planned or as recommended by the Pension Commission. It has also been noted that, to date, the tendency has been for the actuarial reviews to overestimate the future growth in state pension spending relative to funding.[65]

Nevertheless, maintaining Ireland's pension age at 66 and benchmarking and indexation of pension payments will require increases in PRSI and also tax increases. Irish government revenue, which includes taxation, social insurance, and other forms of revenue, was just under 41% of national income in 2019. This makes Ireland a low-to-middle revenue generator among EU countries, and a low revenue generator among high-income EU countries. Ireland, in particular, generates comparatively little revenue from labour taxation, particularly social insurance contributions. It is principally the low intake from employers' PRSI that results in Ireland's relatively low intake. Employee and self-employed social insurance contributions are also relatively low, though the shortfall is not as large as employer social insurance. If taxation of labour were around the EU average, Ireland's intake would be higher by around 5% of GNI*.[66] Raising taxation of labour to today's EU norms would be sufficient to cover Ireland's future public pension spending needs. As other countries are also likely to raise taxation and social insurance contributions, Ireland would still be tax competitive.

To fund the increasing cost of the State Pension, the Commission on Pensions explores a number of different scenarios involving various combinations of PRSI increases, exchequer funding and pension age increases. The table below summarises the different scenarios.

Table 2

PRSI only	2021	2030	2040	2050	2070
Employee	4%	4.60%	6.20%	7.30%	7.90%
Employer (lower)	8.80%	9.40%	11%	12.10%	12.70%
Employer (higher)	11.05%	11.65%	13.25%	14.35%	14.95%
Self-employed	4%	10%	13.25%	14.35%	
PRSI and taxes					
Employee	4%	4.20%	5.75%	6.65%	7.15%
Employer (lower)	8.80%	9%	10.55%	11.45%	11.95%
Employer (higher)	11.05%	11.25%	12.80%	13.70%	14.20%
Self-employed	4%	10%	12.80%	13.70%	
Commission preferred (PRSI, taxes and pension age increases)					
Employee	4%	4%	5.35%	5.45%	5.45%
Employer (lower)	8.80%	8.80%	10.15%	10.25%	10.25%
Employer (higher)	11.05%	11.05%	12.40%	12.50%	12.50%
Self-employed	4%	10%	12.40%	12.50%	

Source: Pension Commission.

The Commission did not consider higher increases to employer PRSI compared to increases to employee or self-employed PRSI, although this may be more favourable from the stance of the overall progressivity and gender progressivity of the tax system.[67]The Commission does not explore the role that the savings

[65] SJI (2018) A Universal State Social Welfare Pension: Recognising the contribution of all our senior citizens.
[66] Goldrick-Kelly, P., Mac Flynn, P., & McDonnell, T. (2020). *Reforming Tax and Spend in the United Kingdom and in the Republic of Ireland*. NERI.
[67] It is worth noting that Ireland's tax system is already very progressive, despite its low contributions from employer PRSI. Much of the reason can be attributed to the fact that the low-paid are largely not subject to direct taxation. The transfer system is also highly redistributive, despite low pension spending. As before, low pension spending is due to a younger demographic structure and low

from pensions tax expenditures could play in funding an adequate state pension. Disappointingly, the Commission's report makes no recommendations to address the inequality of the marriage bar. It also makes no attempt to rectify the discrimination whereby the provisions of the HomeCaring Periods Scheme are only available to those born after 1st Sept 1946.

While the recommendation in the pensions commission report to support those caring for more than 20 years is welcome, it will benefit a relatively small cohort. The Citizens Assembly on Gender Equality[68] understood that that pensions inequality for women extends far beyond the cohort of women who are long term carers – it recommended both a pension solution for long term carers, a scheme to support those affected by the marriage bar AND a Universal State Pension so that every resident of Ireland receives a pension upon reaching pension age.

All considered, we recommend maintaining the pension age at 66. We also recommend that the Total Contributions Approach be based on a 30-year period and not a 40-year period. This should be paid for through increases in general taxation and PRSI. For the taxation component of public pension spending, we recommend phasing out the subsidies to private pensions at the level necessary to achieve the pension goals. Making pension contributions deductible only at the standard rate should raise some 0.2% of national income. This can be accompanied by further reductions in tax subsidies, which in total amounted to around 1.6% of national income.[69]

Value-added taxation (VAT) and taxes on capital

What arguably makes Ireland a relatively progressive country in a comparative EU context is that the design of taxation allows for two further reduced VAT rates of 13.5% (e.g. for driving school services or children's car seats) and 9% (e.g., for e-books or sports facilities) to be applied alongside the standard rate; these reduced VAT rates constituted 27.6% and 10%, respectively, of total VAT generated as estimated by Revenue in 2021. Most importantly, the Irish taxation system also ring-fences certain goods and services for tax exemptions, and these zero-rated VAT items comprised an estimated 11% of total activity[70].

Any heightened taxing of consumption through VAT will result in a more regressive taxation design, since those households with the lowest incomes will disproportionally spend the greatest amount of their available income on goods and services. In a context wherein the lowest-income households in Ireland are those where women are primary earners, we expect VAT rates to have implicit gender implications, particularly across Irish households suffering financial precarity. Lone parent households – the vast majority of whom are headed by women in Ireland[71] – will be markedly impacted by what items are allocated to 0% ratings for VAT. Examples are particular feminine hygiene products, or those products for which women are frequently responsible for purchasing on account of their disproportionately high caring roles, i.e., children's clothing and disability aids such as wheelchairs for themselves or disabled people they support. It is therefore recommended that there be no increases to VAT introduced, and the flat rate of 23% for VAT maintained on the whole.

However, there is room to expand tax exemptions via 0% VAT on essential goods that benefit households with dependents, and in doing so, indirectly lessen financial burdens placed on women responsible for the welfare of dependents. The COVID-19 pandemic accelerated an ongoing trend in Europe that saw

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spending per person. Its progressivity arises from the fact that public welfare and pension spending is more targeted at those on low-incomes, and less tied to earnings.

[68] https://www.citizensassembly.ie/en/about-the-citizens-assembly/meetings/voting-results-citizens-assembly-on-gender-equality/full-list-of-recommendations11.pdf

[69] Collins, M. L., & Hughes, G. (2017). Supporting Pension Contributions Through the Tax System

[70] Revenue Ready Reckoner – Post Budget Analysis 2022. Revenue Statistics Ireland.

[71] The lowest-income quartile among single parents are also those in receipt of highest levels of public benefits https://www.cso.ie/en/releasesandpublications/ep/p-wamii/womenandmeninireland2019/genderequality/

digital resources playing an ever-increasing role in learning environments. As such, instead of simply levying a reduced tax rate of 9% on children's e-books, Ireland's zero tax rating could be applied to e-books and digital material for educating children. Additionally, reducing VAT on other digital learning resources and tools used to assist learning at home may be another positive change to household welfare (e.g. computer headsets for children accessing a virtual classroom).

Understanding VAT as a source of gender bias requires looking beyond individual comparisons of effects for the male and female population. Taxation and welfare system reforms need to be addressed in tandem and not ignore divisions of families as dual or single-headed households with or without a male or female primary earner, with or without dependents, and with or without access to wealth; these are issues we cover next.

Families and progressive changes to welfare and taxation systems

Taxing consumption behaviours can indirectly help households to maintain better living standards. Special duty taxes and outside of the purview of VAT have been part of recent government strategies to pursue more progressive public health interventions through the taxation system. Recent examples are the continual increases applied to alcoholic and non-alcoholic sugar beverages. These tax measures are expected to reduce levels of consumption that lead to hospitalisations and high obesity rates (e.g., sugar drinks in Portugal)[72]. In the case of alcohol consumption, higher tax applied to beer and spirits can be seen as regressive taxation affecting lower-income households most negatively. There is however suggestive evidence from the UK that shows men to be more responsive to increased levies on alcohol for reducing their alcohol consumption[73]. Indirectly this may benefit women especially, and families in general, by lowering the incidence of harm caused to vulnerable dependents and other family members, including their children and partners. Higher alcohol consumption and incidences of domestic violence are known to be interlinked and reducing consumption may reduce the frequency of harmful interactions among affected families[74]. Nevertheless, altering household behaviours in these ways will have only a marginal effect on tax revenue in comparison with more radical reforms to the Irish taxation system and expansions to welfare state coverage. One of the major limitations of state supports in Ireland is a lack of high-quality, public early-years and school aged education and care.

There is a clear need to generate further tax revenue that the Irish government can then invest in the adequate provisioning of accessible, public child care facilities. Supporting families this way would have beneficial knock-on effects on raising income tax and USC revenue contributions, while simultaneously decreasing social benefit payments through increased maternal employment[75]. Returning to the examples of Denmark and Sweden proves informative here, in that each have higher standard VAT rates, but three times more generous investment into supportive family and child policies than Ireland's 1.6% expenditure as a percentage of GDP.[76] Likewise, net costs of childcare in 2020 for those parents earning average wages per country accounted for 11% of a household's income in Denmark, whereas child care expenditures accounted for 28% of household's income in Ireland. These stark differences in supportive welfare structures translate into approximately 14 percentage point differentials in employment rates for mothers: approximately 75% of lone parent mothers and 83% of coupled mothers, respectively, are

[72]Goiana-da-Silva et al. 2020. Projected impact of the Portuguese sugar sweetened beverage tax on obesity incidence across different age groups: A modelling study https://doi.org/10.1371/journal.pmed.1003036
[73] Meier et al.2021 Alcohol policy and gender: a modelling study estimating gender-specific effects of alcohol pricing policies, https://onlinelibrary.wiley.com/doi/full/10.1111/add.15464
[74] Cafferky et al. (2016). Substance Use and Intimate Partner Violence: A Meta-Analytic Review, accessed: http://dx.doi.org/10.1037/vio0000074
[75] Russell et al. 2018. Maternal employment and the cost of childcare in Ireland, ESRI report, accessed: https://www.esri.ie/publications/maternal-employment-and-the-cost-of-childcare-in-ireland
[76] Public spending accounted for here concerns public support that is exclusively for families (e.g. child payments and allowances, parental leave benefits and childcare support). Spending in other social policy areas such as health and housing support also assists families, but not exclusively, and is not included in this figure. For a comparison across OECD countries see: stats.oecd.org/Index.aspx?DataSetCode=FAMILY#

employed and contributing income tax in Denmark compared with 61% and 70% among mothers in Ireland[77].

Designing an Irish welfare system that will bring greater gender balance requires taxation reforms that will additionally tackle the unequal potential between households for generating wealth and savings over time. In terms of household taxation measures, rather than focusing on raising revenue through higher VAT rates, the most viable routes to supply the Irish Exchequer with greater funds for public provisioning in the coming decade may be found in increasing capital taxation and reducing tax cuts that favour unequal, intergenerational wealth accumulation – looking to categories of tax revenue across Europe and wealth dynamics in Ireland over the past ten years demonstrates the scope for this taxation strategy[78].

Low taxes on wealth and on corporations results in decreased revenues, limiting the available investment for public services and social infrastructure.[79] Funds generated by a wealth tax could play a transformative role in funding the services and supports needed for a more gender equal society. During the pandemic, the wealth of Ireland's billionaires increased by €18.3 billion (58 per cent) to €49.7 billion. A wealth tax of 1.5% on all wealth held globally by those with wealth above €4.36 million in assets (or 5m US dollars). Research from Oxfam shows that a 1.5% tax applied in Ireland would raise €4.05 billion.[80]

Economic theories on changing taxation policy have recently proposed that optimal taxation strategies will be those that focus on taxing savings and capital among the highest-income households. The connection between capital, wealth, savings and widespread gender gaps is also, albeit slowly, garnering more attention. Twinning increases to capital gains (CGT), capital acquisitions taxes (CAT), and gift and inheritance taxes to higher household income brackets is one way to pursue gender equitable outcomes through taxation. In other words, loading the highest capital tax burdens on wealthier households holds promise to bring greater gender balance to unequal distributions in capital and savings favouring men[81]. This would generate revenue for gender sensitive programmes and services, including public services and social infrastructure which are core to delivering a gender equal society.

The Irish taxation system currently levies both flat and progressive rates across assets and savings types. We propose taxing capital (e.g., shares and dividends, gifts and inheritances) not along capped and flat rates that favour wealthier households, but at increasing rates, and adding a progressive taxation that would be applied with limitations for low-income households. Kakoulidou and Roantree (2021) note the potential revenue that could be generated by taxes on housing equity in the Irish context, in large part due to the fact that savings through homes constitutes much intergenerational wealth in Ireland. Accordingly, abolishing tax breaks for CGT in the sale of homes could raise as much as 1% of gross national income based on recent annual estimates[82]. Moreover, local property tax (LPT) could be more progressively reformed to increase revenue.

Across Europe, men tend to have higher annual savings, be wealthier, be owners of greater capital wealth specifically, and have benefitted from numerous tax breaks on such wealth as some governments cut capital and wealth taxation (including property and inheritance tax)[83]. In Ireland, those households with male primary earners and a secondary earner will fare very differently as regards amassing wealth

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[77] Authors' calculations data extract, accessed 1/2022: https://stats.oecd.org/Index.aspx?DataSetCode=FAMILY
[78] Median net wealth among Irish households rose by €78, 490 over a five-year span, post crisis (2013-2018). https://ec.europa.eu/eurostat/statisticsexplained/images/a/a0/Breakdown_of_tax_revenue_by_country_and_by_main_tax_categories_in_2020_%25_of_GDP.png
[79] https://nwlc.org/wp-content/uploads/2019/11/NWLC-ReckoningTheHiddenRules-accessibleNov12.pdf
[80] Oxfam (2022). Inequality Kills: The unparalleled action needed to combat unprecedented inequality in the wake of COVID-19. https://policy-practice.oxfam.org/resources/inequality-kills-the-unparalleled-action-needed-to-combat-unprecedented-inequal-621341/
https://nwlc.org/wp-content/uploads/2019/11/NWLC-ReckoningTheHiddenRules-accessibleNov12.pdf, Hellwig and Werquin (2022) A Fair Day's Pay for a Fair Day's Work: Optimal Tax Design as Redistributional Arbitrage, see https://cepr.org/active/publications/discussion_papers/dp.php?dpno=16863
[82] Kakoulidou and Roantree (2021) Ibid; Sweeney, forthcoming,FORSA..
[83] Gunnarson, 2021. Gender Equality and Taxation - International Perspectives: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3818771 Lierse, 2021. Globalization and the societal consensus of wealth tax cuts,https://www.tandfonline.com/doi/pdf/10.1080/13501763.2021.1992487

and savings for paying child care, school fees or housing costs than will female headed or lone parent households[84]. In sum, revenue generation that shifts taxation burdens in a non-linear manner from indirect consumption taxes to direct capital taxation at the high-end of the income and wealth distribution is progressive while simultaneously mitigating against the negative effects on women of observed gender gaps in earnings, capital holdings and savings potential across Ireland.

Quantifying the impact of VAT and capital taxation by gender

Pursuing a more gender equitable tax system in Ireland will require sufficiently detailed evaluations of changes over time to household consumption and savings according to socio-demographic categories such as gender, civil status and family status. Such evaluations are hindered however by the fact that firstly, VAT payments are inferred, as it is not households that report incidence; and secondly, there is a paucity of timely microdata on actual consumption behaviour by households in Ireland - as noted in the latest Budget report assessing equality for expenditures (2022)[85]. Nationally representative data on women and men's consumption across Irish households collected by the Central Statistics office in the Household Budget Survey is available only on the basis of a five-year rotation; this means for example that any current-day gender analysis for the Irish case would be reliant on survey estimates from 2015-2016. We would therefore propose that more frequent collection and systematic analyses of household expenditure microdata be conducted, which would in turn facilitate a long-run understanding of potential gender biases encoded in our national taxation system. Currently, empirical analyses which break down non-simulated data to compare the differential impacts of VAT, CGT or wealth and local property tax policies by gender in a nation-specific context are in short supply[86].

Socio economic and other structural inequalities such as ethnicity, race, age and disability overlap with gender to cumulatively shape the impact of taxation and welfare policies on women. However, the Department of Finance notes that it is not possible to do intersectional analysis of the impact of tax policy changes on income (using the SWITCH model), due to data constraints.[87]

Funding the welfare state for greater gender equity

To fund public services and other government functions, the state needs to be adequately financed. The Citizens Assembly on Gender Equality recognised that their recommendations on better public services and improved social protection would require increased funding. Their report recommends that these should be funded "firstly through greater efficiency and accountability for public funding and reprioritisation between current spending and revenue raising. If necessary, we are also prepared to support and pay higher taxes based on the principle of ability to pay, to make a reality of our recommendations."[88]

Ireland and other European countries' ability to expand public spending has been curtailed in recent years due to the EU's strict fiscal rules. This was underlined in July this year when the government committed to limiting permanent increases in exchequer[89] spending to 5%, which is in line with the projected growth rate of the economy. Spending above that needs to be funded through taxation. This

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[84] One such tax break that benefitted a privileged wealthy group employed in multinationals in Ireland was the Special Assignee Relief Programme (SARP). See Sweeney 2016: https://www.tasc.ie/publications/the-problem-with-tax-breaks/
[85] Budget 2022: Report on Tax Expenditures 2021. https://www.gov.ie/en/publication/7e491-taxation-measures/
[86] Gunnarsson et al. (2017) Gender equality and taxation in the European Union , accessed: https://www.europarl.europa.eu/RegData/etudes/STUD/2017/583138/IPOL_STU(2017)583138_EN.pdf
[87] DOF (2021). Budget 2022 Report on Tax Expenditures 2021. https://www.gov.ie/en/publication/7e491-taxation-measures/
[88] Citizens' Assembly on Gender Equality (2021). Recommendations of the Citizens Assembly on Gender Equality. https://www.citizensassembly.ie/en/about-the-citizens-assembly/meetings/voting-results-citizens-assembly-on-gender-equality/full-list-of-recommendations11.pdf
[89] Exchequer spending excludes local authority and other types of spending not subject to central government discretion.

means that an expansion in government spending, such as more generous public funding or provision of childcare and eldercare, will need to be met with revenue raising measures.

The table below looks at sources of government revenue in Ireland and in the EU in 2019. Following Goldrick-Kelly and McDonnell[90], EU-9 represents high-income EU countries which are considered to be Ireland's peer group. These are the three EU Nordic countries and the Central European countries of Germany, France, Netherlands, Belgium, and also Luxembourg. EU-27 represents all EU countries aside from Ireland. As previously, Irish figures are presented as a share of GNI* whereas other countries are a percentage of GDP.

	Social insurance	Income taxes	Profit & capital	VAT	Other indirect	Other tax & revenue	Total revenue
EU-9	11.9	12.4	3.6	7.8	6.9	6.5	49.1
EU-27 (exc. Ire)	12.1	8	3	8.1	6.3	6.2	43.6
Ireland	7.4	11.4	5.3	7.1	5.8	3.8	40.9

Table 3: Source of government revenue in the EU in 2019.
Sources: Eurostat (primarily main national accounts tax aggregates) and CSO.

Looking at total revenue, Ireland collects less money as a share of national income than most other EU countries. It is below both the EU-9 and the EU-27 in this regard. As elaborated on in the section on pensions, much of Ireland's lower social spending, and hence its lower public revenue, arises from its more targeted pension system. If Ireland collected a similar amount of social insurance contributions/PRSI as other EU countries did, spending would be around the EU average.

However, when Ireland is compared to high-income EU countries, there is a significant revenue shortfall, even excluding social insurance. This is first and foremost due to EU-9 countries collecting more revenue under the heading 'Other tax and revenue' than Ireland does. As much of this is non-tax revenue such as income from investments and state-owned companies, and hence not easily increased, we do not consider it here. Ireland collects a high amount of revenue under the profit and capital taxation heading. This is due to inflated corporate tax receipts, not due to high levels of capital taxation on the stock, transfer, and sale of wealth. VAT and its gender implications was discussed in detail in a prior section. If Ireland is to increase spending to expand its care economy, it could be funded by increasing income taxes such that they yield an extra one percent of national income, or around €2 billion in today's economy. As alluded to above, income tax is levied at 20% and 40%, with the current threshold at €36,800. Moreover, Universal Social Charge is levied at the following rates: 0.5% up to €12,012, after which 2% up to €21,295, after which 4.5% up to €70,044, after which 8%. Self-employed income over €100,000 is levied at 11%. A third rate of income tax on higher earners and/or an increased rate of USC have the potential to raise revenue. As well as increasing funding, such changes would be progressive in general, and gender progressive in particular. Combined with increases in capital taxation outlined in the previous section, it is evident that changes in income and capital taxation can fund Ireland's care economy

Corporate tax

NWC welcomes global efforts to make corporation tax fairer through the development of a global minimum corporate tax rate. Despite a headline corporate tax rate of 12.5%, a small number of highly profitable companies engage in aggressive tax planning which enables them to pay low effective rates of corporation tax. NWC welcomes the recent move toward a global minimum effective rate of taxation of 15%, though a minimum effective rate of 25% would have been preferable. As well as addressing the low effective rate paid by some large corporations, Government must reduce reliance on windfall corporation tax receipts that has built up in recent years.

[90] Goldrick-Kelly, P. and McDonnell, T. (2017). Taxation and Revenue Sufficiency in the Republic of Ireland. NERI WP 2017/N 48.

Green taxes

There is currently a misalignment between our climate goals and our tax policy. Supports to fossil fuel activities increased from €2.3bn in 2012 to €2.5bn in 2016.[91] The majority of this is revenue foregone through exemptions to environmentally harmful fossil fuel, agriculture and transport activities. The lower rate of excise duty alone on Auto-diesel, Marked Gas Oil, Kerosene, Aviation fuel and fuel oil cost nearly €2bn in lost income in 2016.[92] Households bear the burden of environmental taxes, paying 61% of the taxes while being responsible for 22.1% of emissions.[93] Achieving our climate goals will involve shifting the burden of taxation towards environmentally damaging activities. Increased revenue from green taxes should be ringfenced to ensure a just transition and that rural communities, households experiencing energy poverty or lower socio-economic groups do not experience further inequality and poverty.

Summary of policy recommendations

Taxation and revenue raising

- Introduce a wealth tax of 1.5% on those with wealth above €4.36 million in assets
- Consider the potential for a third rate of income tax on higher earners and/or an increased rate of USC and conduct a gender and equality impact assessment of same
- Consider the role that taxation of wealth in the form of property could play in generating revenue to fund public services and social infrastructure. Carry out a comprehensive gender and equality assessment of raising revenue through increased taxation on wealth in the form of property
- End lower rate of excise duty for aviation, autodiesel, marked gas oil, fuel oil & kerosene
- More frequent collection and systematic analyses of household expenditure microdata are needed to facilitate a long-run understanding of potential gender biases encoded in our national taxation system. Currently, empirical analyses which break down non-simulated data to compare the differential impacts of VAT, CGT or wealth and local property tax policies by gender in a nation-specific context are in short supply.
- Equivalise the tax rate for recipients of the SPCCC with the single earner two-adult household tax rate.

Care

- Though funding has increased in recent years, Ireland's investment in the early years sector remains low. We recommend increasing early years spending by about 0.7% of national income. This would bring it in line with the EU benchmark of 1% of national income
- Social care is being gradually privatised with poor terms and conditions. It is essential that significant public funds are directed to this area to increase wages and affordability of paid care
- Invest sufficient funds to provide decent wages and expand services as society ages. We recommend increasing spending by at least 0.3% of national income.

Decent work

- Deliver a Living Wage
- Attach social criteria, clauses and conditionality, including living wage clauses to Employer incentive schemes and government procurement processes

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[91] CSO. Fossil Fuel and Similar Subsidies 2012-2016
[92] NERI (2019). Harmful fossil fuel subsidies: a mistaken policy. NERI.
[93] Hilliard, M. (2019). Households pay most green taxes but emit one fifth of emissions – CSO. Irish Times.

- Legislate for collective bargaining rights, as recommended by the Citizens' Assembly

Individualisation

- Adopt a fully individualised social welfare system so that women are treated as individuals, rather than dependents of their partners
- Change eligibility rules to enable qualified adults access a range of active labour market programmes (ALMPs)

A social welfare model that values care

- Extend Jobseekers Transitional Payment to lone parents in education, training or employment until the youngest child reaches the end of second level education
- Allow those working part time to be eligible for Jobseekers payments
- Pilot a Participation Income, as recommended by NESC

Poverty

- Establish the MESL as the benchmark for social welfare payments by 2026
- Restore the full rate of Jobseekers Allowance for 18-24 year olds
- Grant Child Benefit to children whose parents are seeking asylum; Ensure Roma children have access to income by making Child Benefit a truly universal payment that is not contingent on the fulfilment of the Habitual Residence Condition
- Extend Free Travel Scheme to people in the international protection process
- Deliver a non-means tested, cost of disability payment
- Increase the earnings disregard for Carer's Allowance
- Child Maintenance should be a non-means-tested, non-taxable income for children, as with Child Benefit, to support one parent families out of poverty. In the case where a liable parent does not pay or does not have sufficient income to pay the required maintenance payment, the State should take on the liability and ensure child maintenance is paid. Responsibility for recouping payments from the liable parent should lie with the State, where applicable.

Pensions

- Deliver a universal pension for all which will guarantee income adequacy in older age and which would recognise that paid work and unpaid work are equally valuable.
- End the qualified adult system and provide fully individualised access to pensions for all men and women
- Ensure the TCA is limited to 30 years for the maximum pension, remove the cap of 20 years caring contributions under the HomeCaring Periods Scheme, ensure women born before 1st Sept 1946 can benefit under the scheme
- Acknowledge the previous injustice of the 'marriage bar' with a once-off, ring-fenced retrospective scheme
- Progress to standard rating of pension tax reliefs before ending them entirely and investing the savings in sustaining an adequate universal State pension into the future

Gender proofing

- NWC strongly urges the Commission to gender proof it's work as decisions are made and to publish a gender and equality impact statement of its proposals