



European Anti-Poverty Network (EAPN) Ireland
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European Anti-Poverty Network (EAPN) Ireland submission on potential benchmarking approaches to working age payments.

The European Anti-Poverty Network (EAPN) Ireland welcomes the opportunity to provide input on the issue of the potential application of a benchmarking approach to working age payments (including Working Age Income and Employment Supports, Illness & Disability, Carers, etc).

A well-designed and effective social protection system should play a vital role in ensuring income adequacy for all and – when coupled with enabling essential services – could provide a route out of poverty for people experiencing poverty and social exclusion. However, current social protection schemes are failing to lift people out of poverty. The first priority for any reform of Ireland’s social protection system should be to address the issue of income adequacy. As such, any potential benchmarking approach to working age payments must help to guarantee a minimum standard of living and a decent life for all, and enable people to fully participate in society. Applying a benchmarking approach should be part of a broader impetus to improve standards and ensure income adequacy across all social welfare payments. Ireland’s social welfare system should be predicated on adequate income for all, and a comprehensive, human rights-based, person-centred active inclusion approach. The introduction of benchmarking for working age payments could help to ensure a more equal and socially-just social protection system that works for Irish society, if sustainably financed through a redistributive and progressive tax system.

Key Rationale: Income Adequacy

The key rationale for any proposed reform of the social protection system should be to ensure that the proposed approach addresses income adequacy. EAPN Ireland has consistently advocated for income adequacy to be prioritised at a government level as a fundamental means of addressing and preventing poverty and social exclusion. Ensuring income adequacy is crucial for the fulfilment of Ireland’s anti-poverty commitments, including under the Programme for Government: Our Shared Future,¹ the Roadmap for Social Inclusion 2020-2025,² the European Pillar of Social Rights,³ and the UN Sustainable Development Goals (SDGs).⁴ The Roadmap for Social Inclusion aims to reduce consistent poverty to 2% or less by 2025, a commitment also contained in the Economic Recovery Plan.

The right to an adequate income which allows people to participate fully in society and to live with dignity is enshrined in international human rights law and standards, the UN Sustainable Development Goals and the European Pillar of Social Rights. This right does not differentiate regarding the source of income, whether through employment or social welfare. In this regard, our social welfare system should and must ensure that everyone, at whatever stage in life and

¹ Programme for Government: Our Shared Future, 2020. <https://www.gov.ie/en/publication/7e05d-programme-for-government-our-shared-future/>

² Government of Ireland (2020). Roadmap for Social Inclusion 2020 – 2025. [www.gov.ie/pdf/?file=https://assets.gov.ie/46557/bf7011904ede4562b925f98b15c4f1b5.pdf](https://assets.gov.ie/46557/bf7011904ede4562b925f98b15c4f1b5.pdf)

³ The European Pillar of Social Rights in 20 principles. https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights/european-pillar-social-rights-20-principles_en

⁴ <https://sdgs.un.org/goals>

whether working or not, has an income that allows them to live with dignity and take a full part in society.

Income adequacy is a core element of the European Pillar of Social Rights.⁵ The development of a benchmarking approach must conform with the European Pillar of Social Rights (EPSR) Principles 12, 13 and 14. Principle 12 states that “[r]egardless of the type and duration of their employment relationship, workers, and, under comparable conditions, the self-employed, have the right to adequate social protection.” Principle 13 states that “The unemployed have the right to...adequate unemployment benefits of reasonable duration, in line with their contributions and national eligibility rules. Such benefits shall not constitute a disincentive for a quick return to employment.” Principle 14 enshrines the right to minimum income, for everybody, throughout their lives, that is adequate, accessible, and enabling, underpinned by social rights and a human rights approach. In this regard, the European Council Recommendations on Minimum Income are instructive, and we urge that the benchmarking align with the Recommendation’s requirement of income adequacy, and the use of suitable benchmarking to achieve this.⁶

Poverty Levels in Ireland

Comprehensive, adequate social protection for all is a prerequisite for combatting poverty and social exclusion. However, Ireland’s social welfare support is not based on the cost of living and what is adequate to lift people out of poverty. Many people who are dependent on social welfare cannot afford a decent standard of living and are living in poverty. Both the CSO Survey on Income and Living Conditions (SILC) and the Minimum Essential Standard of Living (MESL) research have consistently shown that many people on social welfare are not in receipt of an income that allows them to achieve a decent standard of living and are living in poverty. The MESL 2022 Annual Update showed that for almost 70% of households the income supports provided from social welfare were inadequate to meet minimum needs as they stand.⁷ This is indicative of a fundamental failure of Ireland’s social protection system to guarantee adequate income, and must be addressed if the proposed benchmarking approach is to be effective and honour Ireland’s national and international anti-poverty commitments.

Most recently, in February 2023, the Central Statistics Office published the [Survey of Income and Living Conditions \(SILC\) for 2022](#). In 2022, 13.1% of the population were living below the poverty line (or were at risk of poverty) as they had an income that was less than 60% of the median disposable income, so €15,754 per annum or €301.91 per week, an increase of €11.68 from 2021. This is over 671,000 people.⁸ The below table show the discrepancy between the basic social welfare weekly rate, and 1) the weekly poverty line, and 2) the weekly MESL for a single adult under 65 on social welfare.

| Social Welfare Weekly rate 2023 | Poverty line 2022 | Minimum Essential Standard of Living for a single adult under 65 on social welfare in 2022 |
|---------------------------------|-------------------|--|
| €220 | €301.91 | €260.31 (Urban) / €321.81 (Rural) |

⁵ https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights/european-pillar-social-rights-20-principles_en

⁶ <https://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=10417&furtherNews=yes#navItem-1>; See also EAPN response document: <https://www.eapn.eu/minimum-income-council-recommendation-not-enough-to-fight-poverty/>

⁷ <https://www.budgeting.ie/publications/mesl-2022/>

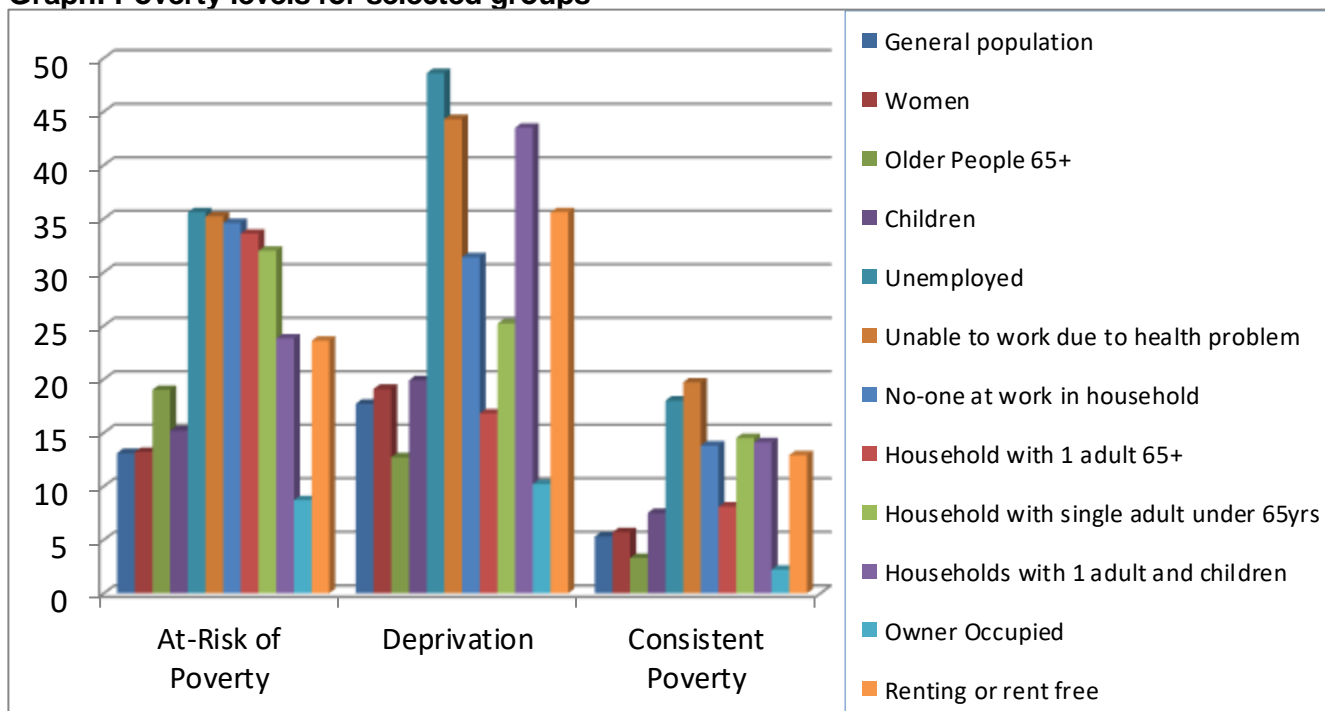
⁸ <https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2022/>

The CSO SILC 2022 highlights the level of poverty among different working age groups in society, with some experiencing higher levels of poverty than the general population, including people who are unemployed, lone parent households, people unable to work due to long-standing health problems, and households with one adult under 65 years, with no-one at work and where someone is renting or living rent free. **This is highlighted in the table and graph below.** However, due to the size of the population used in the survey it does not include the poverty levels among groups such as people with disabilities, Travellers, Roma, migrants, and other ethnic minorities, or those who are homeless, and it cannot tell us what the impact of poverty has on people or communities, including disadvantaged socio-economic communities.

| Table: Poverty levels for selected groups | At Risk of Poverty | Enforced Deprivation | Consistent Poverty |
|---|---------------------------|-----------------------------|---------------------------|
| General population | 13.1% | 17.7% | 5.3% |
| Women | 13.2% | 19.1% | 5.7% |
| Children | 15.2% | 19.9% | 7.5% |
| Unemployed | 35.6% | 48.6% | 18% |
| Unable to work due to long-standing health problems | 35.2% | 44.3% | 19.7% |
| Lone parent households | 23.8% | 43.5% | 14.1% |
| Household with one adult 65yrs and over | 33.6% | 16.8% | 8.1% |
| Household with one adult under 65yrs | 32% | 25.2% | 14.5% |
| Household with no-one at work | 34.6% | 31.4% | 13.8% |

A full table is available on CSO SILC 2022 (Table 3.1)

Graph: Poverty levels for selected groups



Those most at risk of poverty in 2022 were people who are unemployed (35.6%, up from 23.2% in 2021), followed by people unable to work due to long-standing health problems (35.2%). People who are unemployed are more likely to be experiencing higher rates of enforced deprivation (48.6%), followed by people unable to work due to long-standing health problems (44.3%). Eighteen per cent of people who were unemployed were living in consistent poverty compared with 5.3% for the population as a whole. One in five or 19.7% of those unable to work due to long-standing health problems were in consistent poverty.

Without adequate social welfare, households may become entrenched in intergenerational poverty, are limited in their access to necessary supports and services in order to meet basic needs, as well as ongoing social isolation and the disintegration of community fabric in disadvantaged areas. Thus, a failure to effectively address income inadequacy in social welfare rates represents a major barrier to Ireland meeting its poverty-reduction targets and commitments.

Benchmarking Against Adequacy: The Minimum Essential Standard of Living (MESL)

EAPN Ireland has consistently called for all social welfare rates in Ireland to be benchmarked against a level which is adequate to lift people above the poverty line and provide them with a Minimum Essential Standard of Living.⁹ The Minimum Essential Standard of Living (MESL) represents a basic standard which allows individuals to live with dignity and below which nobody should have to live. The MESL provides for an income that represents the purchasing power required for the basic goods and services that meet a household's basic physical, social, and psychological needs.

The MESL research has been recognised on a European level by the EU platform on Reference Budgets as well as the European Minimum Income Network. The Minimum Essential Standard of Living is already established in Irish policy making and is used by the Insolvency Service of Ireland to calculate a household's reasonable living expenses. This is the income the household can retain to have a reasonable standard of living, while sorting out their debt.

Unlike the Consumer Price Index (CPI), the MESL findings more adequately measure the change in living costs for households on social welfare and low incomes, who are significantly more vulnerable to changes in food, energy, and transport costs in particular. The composition of the MESL basket is different from the average consumption basket used to measure inflation, with basics such as food and household energy making up a larger share of the minimum basket. Thus, in 2022 food accounted for a significantly greater proportion of the MESL basket (21.3% urban; 18.3% rural) than in the CPI basket (11.4%). Household energy also comprised approximately double the proportion of the MESL basket (8.1% urban; 9.1% rural) compared to the proportion of the CPI basket (4.7%). Similarly, transport in the MESL basket (9.1% urban; 22.5% rural) diverged notably from the CPI basket (12.8%).

The Minimum Essential Standard of Living has been used in Ireland for more than 20 years. It is developed using international standards and is based on robust research conducted by the Vincentian Partnership for Social Justice (now the Vincentian MESL Research Centre in St Vincent de Paul). By annually updating the cost of over 2,000 essential goods and services, it calculates the income needed for a broad range of different family types to afford a decent standard of living. It is therefore the most accurate and up-to-date measure of income adequacy for social welfare recipients. The forensic research in calculating, and annually updating, the MESL allows for a detailed understanding of the changes in the cost of living and the impact of different policies on services and supports, and means that it recommends itself as the ideal basis for benchmarking social welfare supports. Thus, the Government should commit to benchmarking all working age payments to a level that lifts people above the poverty line and provides them with a Minimum Essential Standard of Living. The levels would also need to be updated annually to ensure they continue to meet that standard.

The latest (2023) MESL (Minimum Essential Standard of Living) report is due to be published shortly. At the time of writing, the MESL 2022 Annual Update contains the most relevant and up-to-date findings – the below table is included for illustrative purposes to show the adequacy gaps for selected urban and rural social welfare recipients in 2022.

⁹ www.budgeting.ie

MESL Income Adequacy Assessment, 2022¹⁰

| | Urban | Rural |
|--|--------|---------|
| Two Parents & Two Children, Pre-School & Primary School age | | |
| MESL Expenditure Need | 496.49 | 607.90 |
| Income (Net) | 493.69 | 493.69 |
| Adequacy | -2.80 | -114.21 |
| Two Parents & Two Children, Primary & Second Level age | | |
| MESL Expenditure Need | 582.85 | 691.55 |
| Income (Net) | 507.17 | 507.17 |
| Adequacy | -75.68 | -184.37 |
| One Parent & Two Children, Pre-School & Primary School Age | | |
| MESL Expenditure Need | 381.54 | 508.19 |
| Income (Net) | 383.33 | 383.33 |
| Adequacy | 1.79 | -124.86 |
| One Parent & Two Children, Primary & Second Level age | | |
| MESL Expenditure Need | 467.90 | 591.84 |
| Income (Net) | 396.96 | 396.96 |
| Adequacy | -70.94 | -194.88 |
| Single Adult, Working Age, Living Alone | | |
| MESL Expenditure Need | 260.31 | 321.81 |
| Income (Net) | 208.00 | 208.00 |
| Adequacy | -52.31 | -113.81 |

Sustainable financing through a redistributive and progressive tax system

EAPN Ireland has long called for the Government to ensure sustainable funding for quality public services and adequate social protection through progressive taxation which is fair and redistributes income, wealth and resources. Increasing the PRSI rates, particularly for employers, to replenish the Social Insurance Fund would be a positive move for Ireland. We urge the Government to expand the tax base in a progressive and sustainable manner closer to the EU average, including moving away from the current over-reliance on corporate tax receipts. Broadening the tax base in this manner is crucial in order to ensure the requisite capacity and resources to fund social investment including social protection that delivers adequate income supports to afford a decent standard of living. However, it is important that any such move does not negatively impact income adequacy of those on the lowest incomes. Any measures that increase tax revenue must adopt an approach that sees those with the highest incomes and wealth paying the greatest amount in tax. This will ensure that broadening our tax base does not place an unnecessary burden upon those in society who are least able to pay and who are most in need of supports via a strong public infrastructure and service provision.

Conclusion:

From EAPN Ireland's perspective, as stated above, the crucial feature of any effective welfare reform, including potential benchmarking approaches to working age payments, would be ensuring that all rates of social protection payments are benchmarked against a level that is

¹⁰ https://www.budgeting.ie/download/pdf/mesl_2022_annual_update.pdf

adequate to lift people above the poverty line and provide them with a Minimum Essential Standard of Living (MESL). It is also crucial to recognise here that there is a direct link between the cost of goods and services and the amount of money people need to achieve the minimum standard of living. The more someone has to pay for directly, the more money they need to have at hand. Therefore, in Ireland, where successive governments have kept taxes relatively low by international standards and have invested less in public services, people require more money to afford a decent standard of living. Investment in, and reducing the cost of, public services, such as housing, childcare, and education, will immediately reduce the cost of living for most people, whatever their income. This will require an effective whole of government approach.

Recommendations:

- Benchmark all social welfare rates, including working age payments, against a level that is adequate to lift people above the poverty line and provide them with a Minimum Essential Standard of Living (MESL).
- Adequately resource and fund effective public employment services and supports to ensure the provision of enabling services, which can identify the specific needs of individuals to develop person-centred pathways toward job activation, where appropriate.
- Commit to adequate investment in and ensure the public delivery of quality public services and supports, such as health, housing, education, childcare, social and residential care.
- Introduce targeted measures to support under-represented and marginalised groups, particularly women, people with low skills, Travellers, Roma and other ethnic minorities, single parents and people with disabilities, to integrate into the labour market where appropriate, including to address the multiple barriers to employment such as discrimination and bias.
- Ensure that the extra living costs associated with having a disability are adequately reflected in any changes to social welfare rates in order to ensure income adequacy.
- Ensure sustainable funding of social protection through progressive taxation which is fair and redistributes income, wealth and resources.
- Broaden the tax base, including moving away from an over-reliance on corporate tax receipts in order to both stabilise public finances in the medium and long term, and to help ensure the requisite resources to address the current under-investment in quality public services and adequate social protection.

