



European Anti-Poverty Network (EAPN) Ireland

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EAPN Ireland welcomes the opportunity to respond to the European Commission's call for evidence as part of the consultation process on Minimum Income Schemes across Europe.

EAPN Ireland is part of a European wide network of European Anti-Poverty organisations, advocating for greater social inclusion through anti-poverty policies, measures and initiatives. We believe a rights-based approach is essential to the implementation of Minimum Income Schemes across Europe. EAPN networks recognise that adequate minimum incomes are fundamental to addressing poverty and inequality in the EU, and as part of Principle 14 of the European Pillar of the Social Rights (EPSR). We believe Minimum Income Schemes should be accessible to all people living in Europe without any unnecessary barriers or conditions. Accessibility and adequacy are fundamental aspects of ensuring that nobody is left behind and a part of building a stronger more social Europe. It is also important that benchmarking Minimum Income supports to a level that is adequate should not have any negative or restrictive impacts on the criteria or conditions which enable access to income supports for those who need them.

An EU minimum income recommendation must encompass the aims of the Global Sustainable Development Goals and the poverty targets within the Action Plan for the Implementation of the European Pillar of Social Rights. The EU must form Minimum Income recommendations in recognition of the impacts of Covid-19 on marginalised groups and low-income households across Europe, who have been most negatively affected by the social and economic consequences of the pandemic.¹

1: National Reference Budgets

EAPN Ireland has consistently advocated around the need to benchmark social welfare payments in Ireland (Minimum Income Supports) to adequacy, as per research from the Vincentian Partnership for Social Justice, on the [Minimum Essential Standard of Living](#) (MESL). MESL is a reference budget which calculates the basket of goods and services required by households in Ireland in order to meet all of the basic and essential physical, psychological, and social needs, of a household. The findings of the research, which is rigorously monitored and updated, is released on an annual basis. The research on MESL is recognised on a European Level by the EU platform on Reference Budgets as well as the European Minimum Income Network. Within a national capacity, it is utilised to calculate living expenses by the Insolvency Service of Ireland.

The MESL for 2021 recognises that while social welfare rates in Ireland have been gradually moving closer to adequacy there are still a number of households living in what the report describes as “deep inadequacy”, meaning household income meets less than 90% of a household composition's MESL expenditure need. Deep income inadequacy in Ireland is associated with single adult headed households, when of working-age and dependent on social welfare, as well as Households with older children (age 12 and over) which comprise a majority of cases demonstrating deep income inadequacy.² EAPN Ireland has consistently called on the Irish Government to commit to benchmarking social welfare rates in Ireland against the Minimum Essential Standard of Living as a means of lifting people above the poverty line. We also call on the Government to recognise the

¹ <https://ec.europa.eu/jrc/sites/jrcsh/files/jrc121598.pdf>

² https://www.budgeting.ie/download/pdf/mesl_2021_annual_update.pdf

additional costs of living people with disabilities must meet, extra costs of €9,482-€11,734 extra a year on top of everyday expenses.³

The EU has previously highlighted the effectiveness of social transfers in reducing poverty in Ireland, however the Country Report for Ireland 2019 reiterates that this should be treated with caution '*due to the low level of in-kind benefits relative to the high costs in the economy*'. While on the surface social welfare in Ireland compares favourably to other European Countries, this does not take in to consideration the impact of the cost of living on people's incomes and the gaps that household income must fill in lieu of adequate and accessible public services.

The use of reference budgets in the context of social welfare payments represents a growing movement within the EU. Since 2014, the EU commission has been promoting the development of reference budgets, "*as a means to access adequate income support in EU member states*"⁴ with reference budgets considered to be "*illustrative for what people need at the minimum for social participation*"⁵. We believe that an EU recommendation on Minimum Income Schemes must promote and recommend the use of national reference budgets that represent accuracy and adequacy around the cost of living for households in each member state and the level of income required for households (including additional costs of having a disability) to live above the poverty line and achieve a minimum and essential standard of living.

2: Anti-poverty Commitments

The Action Plan for the Implementation of the European Pillar of Social Rights contains primary targets to be achieved by 2030, including a reduction in the number of people at risk of poverty or social exclusion should be reduced by at least 15 million, at least 5 million of these should be Children. Income adequacy, including adequacy of Minimum Income Schemes, will play an essential part in meeting European and national anti-poverty and social inclusion targets.

In Ireland, the role social protection plays in ensuring good living standards and lifting people above the poverty line has been highlighted in a recent Central statistics Office (CSO) Survey Income and Living Condition (SILC) results for 2020. An analysis of the results of this survey highlights that *with* the Covid19 unemployment support payment, referred to in Ireland as the Pandemic Unemployment Payment (PUP) (which at €350 per week was significantly higher than other working age welfare payments in Ireland such as job seekers allowance) the at-risk-of-poverty level for 2020 was 13.2%, slightly down from 13.4% in 2018. However, *without* COVID-19 income supports the at-risk-of-poverty rate in Ireland for 2020 would have been 20.9%. We see that income adequacy, regardless of its source, is fundamental to Ireland and other EU member states progressively moving beyond the social and economic ramifications of COVID-19. This needs to be reflected in EU Minimum Income recommendations.

According to the latest figures from the Central Statistics Office (CSO) inflation in Ireland rose to 5.6% in February 2022. This is the highest annual rate in almost 21 years. The MESL reference budget for 2021 shows that a full-time minimum wage salary of a single adult households is estimated to only meet 72% of MESL expenditure need.⁶ The MESL research has shown consistently and again in 2021, that it is not possible to meet the cost of living on social welfare, nor is it possible through a minimum wage job via a standard hour working week. The MESL research highlights that full time earnings from minimum wage employment can only meet the Minimum Essential Standard of Living if the household also has access to supports such as social housing with a differential rent and a range of in-work welfare supports. This is a best-case scenario and highlights the vital importance of

³ [gov.ie](http://www.gov.ie) - The Cost of Disability in Ireland – Research Report (www.gov.ie)

⁴ https://eminnetwork.files.wordpress.com/2018/11/reference_budgets_report_emin_peer_review.pdf p4.

⁵ https://eminnetwork.files.wordpress.com/2018/11/reference_budgets_report_emin_peer_review.pdf p2

⁶ [mesl_2021_annual_update.pdf](#) (budgeting.ie)

setting an adequate and appropriate wage floor alongside adequate and accessible public services and welfare supports in order to address poverty. With Inflation at 5.9 in the Euro zone⁷ if household incomes do not rise then this ensures people are effectively taking a pay cut, with a reduction in disposable income or the ability to respond to emergency costs due to an increase in general expenditure and outgoings. This will have the greatest negative impact on low-income households.

EAPN Ireland believes that bench marking of social welfare and minimum income supports against the cost of living should occur in tandem with investment in social supports and public services, thus reducing the intensity of the burden and reach expected to be carried by income alone. Investment in, for example, adequate and accessible housing for low-income households, would go towards reducing costs under national reference budgets. We also support the move towards adequacy of earnings through a Living Wage and believe this should occur parallel to the progressive realisation of social welfare payments to adequacy, which in turn would offset any concerns around adequate social welfare acting as a deterrent to employment activation. However, EAPN Ireland rejects any simplistic assessment that bench marking or indexing of social welfare or Minimum Income Schemes to adequacy is a deterrent to employment activation. A 2015 Economic and Social Research Institute (ESRI) report entitled “Making Work Pay” concluded that in situations where there is a 70% replacement rate (of wages to social welfare) it should not be concluded that this is a barrier to employment activation, with the report emphasising the complexity and diversity of reasons people take up employment, “*that dynamic gains over the longer term in employment, and nonfinancial rewards from working life are two such reasons.*”⁸. This same report also finds that almost 80% of unemployed individuals have a replacement rate of less than 70% and that the majority of those who are facing high or very high replacement rates are in fact in employment.⁹

3: What do we want Minimum Income Schemes to achieve?

The EU must decide what is the purpose of Minimum Income Schemes? Who are they adequate for and what do we want them to achieve? If Minimum Income Schemes are designed for the purposes of survival only, then how can they play their part in realising the anti-poverty commitments member states have signed up to, including EU anti-poverty targets for 2030? How can Minimum Income Schemes be utilised to assist people to live a life of dignity and secure the future prospects of people in need of access to income supports? We call on the EU to apply a rights-based approach, ensuring that Minimum Income Schemes do not represent a measure of how far below the poverty line income supports operate, but instead reveal Minimum Income Schemes as a tool that helps to lift households above the poverty line, meeting all basic and essential needs, therefore enabling people to actively engage in society in the long-run.



Rialtas na hÉireann
Government of Ireland

EAPN Ireland receives core funding from the Scheme to Support National Organisations (SSNO) which is funded by the Government of Ireland through the Department of Rural and Community Development



⁷ [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Inflation in the euro area#:~:text=components%20of%20inflation-,Euro%20area%20annual%20inflation%20rate%20and%20its%20main%20components,from%205.1%20%25%20in%20January%202022.](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Inflation_in_the_euro_area#:~:text=components%20of%20inflation-,Euro%20area%20annual%20inflation%20rate%20and%20its%20main%20components,from%205.1%20%25%20in%20January%202022.)

⁸ <https://www.esri.ie/publications/making-work-pay-more-recent-initiatives> p16

⁹ <https://www.esri.ie/system/files/media/file-uploads/2015-07/BP201602.pdf> p35