



REFORMING IRELAND'S SOCIAL WELFARE SYSTEM

CÓRAS LEASA
SHÓISIALAIGH NA
HÉIREANN A ATHCHÓIRIÚ





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Contents

Executive Summary	4
Achoimre Fheidhmeach	5
The current Social Welfare System in Ireland	6
How do we compare internationally?	7
Social assistance payments	7
Social insurance payments	8
Rationale for changing the system	9
Social welfare adequacy	9
Social assistance payments	10
Social insurance payments	12
Recommendations	13
Social Welfare Adequacy Commission:	
Establishing a mechanism to monitor and recommend	
annual updates to payment rates	14
Social assistance payments:	
Establishing benchmark rates based	
on a minimum essential standard of living	15
Social insurance payments:	
Transitioning from flat-rate to a percentage of former earnings	16
Appendices	18
Appendix 1 – Social Welfare Payments in Ireland	18
Appendix 2 – List of Stakeholder Groups Consulted	18



Executive Summary

Over the past three years, the importance of social welfare supports for workers who had been laid off or those who suffered illness became very evident for a large portion of the population.

Due to Covid-19, and subsequent public health guidelines and restrictions, hundreds of thousands of people, many who had never been unemployed in their life, lost their jobs overnight and were faced with a sharp drop in their income.

The crisis re-enforced the need for an adequate income protection system that would allow them to maintain their quality of life, for a temporary emergency period until they could get back to work. Supports were put in place which acted as a safety net to ensure workers and their families were protected. The financial supports which were provided reflected previous income and prevented an income 'cliff-edge' for many.

However, the pandemic also exposed the inadequacy of our social welfare system and the need for reform to existing social welfare supports. There are significant failures around how social welfare rates are set and the adequacy of those payments in supporting people who need them, especially at times such as losing employment. The ongoing Cost of Living crisis has further underlined the need for responsive payments which meet the living standards of the day.

Losing employment is stressful enough without the addition of social welfare payments which are insufficient to cover ongoing basic weekly costs. As it stands, our social welfare safety net is full of holes and we need to fix it.

The recommendations outlined in this document would deliver significant and beneficial changes to our Social Protection system. It is imperative, if we are to rebuild a better society and resilient economy post-Covid, that we must begin to enact these reforms now.

The Covid-19 pandemic and provision of emergency welfare supports kicked our Social Protection system into action. Schemes such as the Pandemic Unemployment Payment and Enhanced Illness Benefit showed us that it can be responsive and support people in times of need. Learning from this, the State must now take the opportunity to reform and revitalise the system for the benefit of workers and families.

Sinn Féin are calling for three key reforms to the social welfare system:

- **Establish a Social Welfare Adequacy Commission to monitor and advise on social welfare rates annually**
- **Benchmark rates for social assistance payments to a Minimum Essential Standard of Living**
- **Transition social insurance payments from a flat rate to percentage of previous earnings**

Sinn Féin are leading the call for an effective social welfare system that supports workers, families and households across the State.



Achoimre Fheidhmeach

Le trí bliana anuas, ba léir do chuid mhór den phobal an tábhacht a bhaineann le tacaíochtaí leasa shóisialaigh d'oibrithe a briseadh as a bpoist nó dóibh siúd a d'fhulaing tinneas.

Mar gheall ar Covid-19, agus treoirlínte agus srianta sláinte poiblí ina dhiaidh sin, chaill na céadta mílte duine, go leor nach raibh riamh dífhostaithe ina saol, a bpoist thar oíche agus thit ioncam s'acu go mór.

Rinne an ghéarchéim an gá atá le córas cosanta ioncaim imleor a neartú a ligfeadh dóibh an caighdeán beatha s'acu a choinneáil, ar feadh tréimhse éigeandála go sealadach go dtí go mbeadh siad in ann filleadh ar an obair. Cuireadh tacaí i bhfeidhm a d'fheidhmigh mar eangach shábhála chun a chinntiú go raibh cosaint ag oibrithe agus a dteaghlaigh. Léirigh na tacaíochtaí airgeadais a cuireadh ar fáil ioncam roimhe seo agus chuir siad cosc ar 'ábhar scéine' ioncaim do go leor.

Mar sin féin, léirigh an phaindéim freisin neamhleorgacht ár gcórais leasa shóisialaigh agus an gá atá le hathchóiriú ar thacaíochtaí leasa shóisialaigh atá ann cheana féin. Tá teipeanna suntasacha ann maidir leis an dóigh a socraítear rátaí leasa shóisialaigh agus leorgacht na n-íocaíochtaí sin chun tacú le daoine a bhfuil gá acu leo, go háirithe ag amanna mar chailliúint fostaíochta.

Mar gheall ar an ngéarchéim leanúnach Costais Mhaireachtála tá béim nua ar an ngá atá le híocaíochtaí freagrúla a shásaíonn caighdeáin mhaireachtála an lae. Is leor fostaíocht a chailleadh gan íocaíochtaí leasa shóisialaigh a chur leis nach leor iad chun bunchostais sheachtainiúla leanúnacha a chlúdach.

Mar atá sé faoi láthair, tá ár n-eangach shábhála leasa shóisialaigh lán go leor agus caithfidimid é a dheisiú. Sholáthródh na moltaí atá leagtha amach sa doiciméad seo athruithe suntasacha agus tairbhiúla ar ár gcóras Coimirce Sóisialaí. Is ríthábhachtach, má táimid chun sochaí níos fearr agus geilleagar athléimneach a atógáil i ndiaidh Covid, go gcaithfidimid tosú ar na hathchóirithe sin a achtú anois.

Mar gheall ar an bpaindéim Covid-19 agus soláthar tacaíochtaí leasa éigeandála is amhlaidh gur gríosaiódh ár gcóras Coimirce Sóisialaí. Thaispeáin scéimeanna mar an Íocaíocht Paindéimeach Dífhostaíochta agus an Sochar Breoiteachta Feabhsaithe dúinn gur féidir leis a bheith freagrúil agus tacú le daoine in am an ghátair. Agus é ag foghlaim uaidh seo, ní mór don Stát anois an deis a thapú chun an córas a athchóiriú agus a athbheochan ar mhaithe le hoibrithe agus le teaghlaigh.

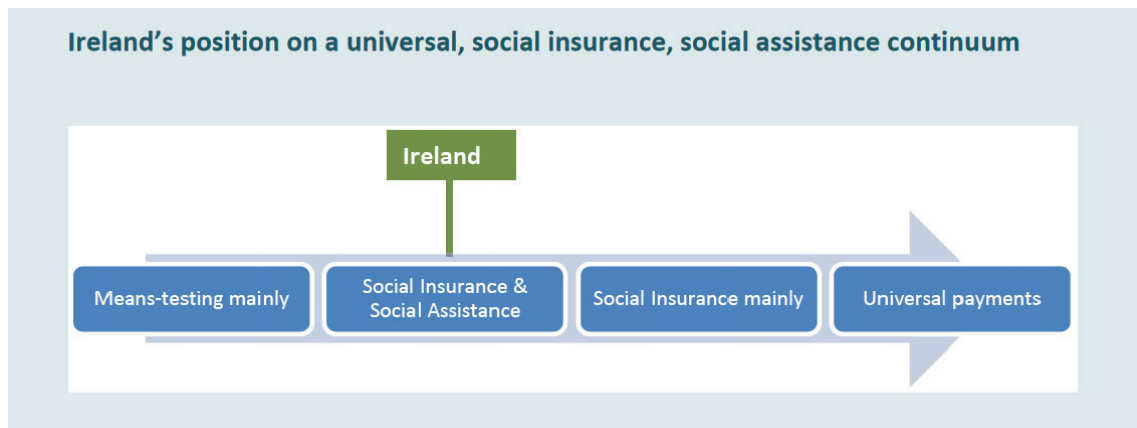
Tá trí phríomhleasú á lorg ag Sinn Féin ar an gcóras leasa shóisialaigh:

- **Coimisiún um Leordhóthanacht Leasa Shóisialaigh a chur ar bun chun monatóireacht agus comhairle a thabhairt ar rátaí leasa shóisialaigh gach bliain**
- **Rátaí tagarmharcála le haghaidh íocaíochtaí cúnamh shóisialaigh go dtí Íoschaighdeán Riachtanach Maireachtála**
- **Íocaíochtaí árachais shóisialaigh aistrithe ó ráta comhréidh go céatadán de thuilleamh roimhe seo**

Tá Sinn Féin chun tosaigh ar an éileamh do chóras leasa shóisialaigh éifeachtach a thacaíonn le hoibrithe, le teaghlaigh agus le teaghlaigh ar fud an Stáit.

The current Social Welfare System in Ireland

At present, Ireland utilises a system which is a hybrid of social insurance and social assistance as shown in the continuum below¹:



A range of social welfare payments provide financial supports to households across Ireland, provided by the Department of Social Protection. In 2020, more than 2.7 million people were in receipt of a social welfare payment, with the number of beneficiaries of payments totalling over 3.8 million in that year². Social welfare supports cover a range of purposes, including employment and pensions, disability and illness, families and children and education. Available social welfare payments in Ireland are listed in Appendix 1.

As a result, most workers will be the recipient of one or more social welfare payments at some stage in their life. The 2021 Survey on Income and Living Conditions (SILC) noted that if all social transfers were excluded from income, the 'at risk of poverty' rate would jump from 11.6% to 38.6%³. This underlines the need for a functioning social welfare system based on adequate social welfare rates.

Workers and Employers pay into the Social Insurance Fund (SIF) through social contributions, which in turn funds an array of different social insurance payments, such as Jobseeker's Benefit, Carer's Benefit and Illness Benefit. The SIF is funded by Pay Related Social Insurance (PRSI) contributions from Employees, Employers and the Self-Employed, with a subvention from the Exchequer where there is a gap between income and expenditure⁴.

For those who are unemployed and have the required PRSI contributions, the maximum rate of Jobseeker's Benefit is €208 per week⁵, regardless of previous income. In 2022, a person on an average industrial wage⁶ will take home about approximately €648 per week after tax. Dropping to an income of €208 per week poses massive financial challenges for people who have fixed bills and rent or a mortgage to pay.

1 National and Economic Social Council (NESC) The Future of the Irish Social Welfare System: Participation and Protection No 151. November 2020 - 151_Future_Social_Welfare.pdf (nesc.ie)
2 Department of Social Protection, 'Annual SWS Statistical Information Report'. August 2021 - <https://www.gov.ie/en/publication/802ec-2020-annual-statistics-report/>
3 Central Statistics Office (CSO) Survey on Income and Living Conditions (SILC) 2021. May 2022 - <https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2021/povertyanddeprivation/>
4 KPMG Actuarial Review of the Social Insurance Fund 2015, 2017 - <https://assets.gov.ie/37220/99a896910d574b7daa0b65fbb00900e5.pdf>
5 At the time of writing, the standard rate of Jobseeker's payments is €208 per week. The Government announced a €12 increase in Budget 2023, but this will not take effect until January 2023.
6 Central Statistics Office (CSO), Earnings and Labour Costs, - <https://www.cso.ie/en/statistics/earnings/earningsandlabourcosts/>



Social assistance payments are available to those who do not have enough PRSI contributions to qualify for equivalent social insurance payments. For example, someone who becomes unemployed but fails to qualify for Jobseeker's Benefit due to insufficient PRSI contributions can apply for Jobseeker's Allowance instead, which is means-tested.

However, as entire household income is considered as means, it can be difficult to qualify for the full rate of €208. One must also consider that further reduced rates of Jobseeker's Allowance exist for those aged 18-24 of €117.70⁷ - well below the already inadequate maximum rate of €208.

It is clear that social welfare supports, including social assistance and social insurance payments, are currently inadequate with almost all capped at a rate which is well below the poverty line.

Sinn Féin believe that social welfare payment rates should protect workers and families from poverty; that the current social welfare system does not provide adequate support for those who need it, and that it must be reformed.

How do we compare internationally?

As it stands, Ireland's system of social welfare provision is mediocre when compared with other countries.

SOCIAL ASSISTANCE PAYMENTS

While the State has performed relatively well regarding the availability and range of social assistance payments, in comparison with our European counterparts. The 'generosity' of a State's social welfare system gives an idea of the relative quality of the system and captures the extent to which social services and supports have 'been institutionalized as social rights'⁸.

In relation to the eligibility rules, waiting times and how many people are protected by the social welfare system, Ireland has increased its provision of supports between 1980 and 2010. However, it is also important to note that, post- financial crash, extensive cuts were made to social welfare rates in Ireland. Supports to lone parents were particularly curtailed and provision for dual payments was ended.

Despite this, other countries such as Britain and Italy have limited their social welfare systems or transitioned to models which offered fewer social welfare transfers to citizens when compared to Ireland. There is a relatively strong connection between how many transfers a social welfare system offers and the levels of inequality it produces – the State's system of providing social transfers to lower income households correlates with lower levels of inequality than those found in other countries, such as Britain and Italy⁹.

However, the availability of social assistance from the State is offset by the fact that we also have one of the highest costs of living in Europe¹⁰, which is a growing concern across all household types. All core social assistance payments received a weekly increase of €12 per week in Budget 2023, but these

7 At the time of writing, the standard rate of young Jobseeker's Allowance is €117.70 per week. The Government announced a €12 increase in Budget 2023 but, as with other announced increases to social welfare rates, this will not take effect until January 2023.

8 OpenMind BBVA, The Welfare State in Europe, 2015 - <https://www.bbvaopenmind.com/en/articles/the-welfare-state-in-europe/>

9 Patrick Malone, UCD Geary Institute, Income Distribution and the Impact of Social Transfers, 2021 - https://publicpolicy.ie/downloads/papers/2021/Income_Distribution_and_the_Impact_of_Social_Transfers_updated.pdf

10 Irish Examiner, Official figures confirm Ireland ranks among highest for cost of living in Europe, August 2021 - <https://www.irishexaminer.com/news/arid-40369478.html>



increases have already largely been outstripped by increased inflation levels. With inflation at 9.1% as of October 2022, a €12 'increase' is a real time cut to social welfare rates.

SOCIAL INSURANCE PAYMENTS

In terms of social insurance payments, our replacement rates do not compare well against many other countries. This contrasts poorly with many other EU countries¹¹, where social insurance-based welfare benefits are pay-related (a percentage of past earnings), designed to secure a workers' normal living standards during periods of unemployment, sickness, maternity and family leave. In countries such as Belgium, Netherlands, Austria, Denmark and others, there is a cap on the maximum weekly payment and payments are reduced the longer the time out of work.

The replacement rate is the amount of in-work income that is replaced by social insurance and other social welfare benefits when a person becomes unemployed - i.e. the percentage of previous earnings which is covered by social insurance mechanisms, such as Jobseeker's Benefit or Illness Benefit.

Data from the OECD illustrates that, based on a single person on an average wage, Ireland had a net replacement rate of just 47% in 2020. Comparatively, countries like Switzerland, Czech Republic and Belgium all had net replacement rates of 71% for the same year¹². If we apply this data from 2020 to existing social insurance payments, we can see the insufficiency of our system of social insurance income protections in the State.

Using Jobseeker's Benefit as an example, for anybody earning the minimum weekly wage of €410 or an average weekly wage of €648, dropping to €208 per week presents a very steep financial cliff-edge. When we consider individuals who earn a higher wage, the deficiency becomes even more stark.

11 Irish Congress of Trade Unions (ICT), Flat Broke! Unemployment Benefit in Ireland, November 2021 - <https://www.ictu.ie/publications/flat-broke-unemployment-benefit-ireland-nov-2021>

12 Organisation for Economic Co-operation and Development (OECD), Net replacement rates in unemployment, April 2022 - <https://stats.oecd.org/Index.aspx?DataSetCode=NRR>



Rationale for changing the system

Sinn Féin has long been calling for reform to the system of social welfare in Ireland. These calls are bolstered by the extensive research and case studies from organisations working to prevent and eliminate poverty and support a decent standard of living.

There are three aspects to this reform; addressing social welfare adequacy, social assistance payment rates, and social insurance payments.

Social welfare adequacy

Sinn Féin has repeatedly called for social welfare payments which are adequate, and which protect people from poverty.

This is underpinned by our longstanding call for the establishment of a Social Welfare Adequacy Commission, which would monitor and advise the Government on the necessary rates required to ensure payments provide for a minimum essential standard of living.

Every year Budget increases for Social Protection are arbitrary figures, rather than evidence based on research and lived experience. This has become an annual debate around the Budget each year, and it typically leads to no increases or the same increases for everyone, based on nothing. This is not what social protection should be about.

Uninformed increases to welfare rates fail to target those that may need increases in their payment most; they fail to protect recipients from poverty, and they fail to ensure that those relying on social assistance-based welfare payments receive an amount which allows them to meet a decent standard of living or avoid falling below the poverty line. Arbitrarily increasing social welfare rates also offers no certainty to those who rely on it.

Instead, social welfare rates should be evidence based and informed annually by a dedicated Commission, made up of organisations and individuals which are independent of the Government and who have expertise in this field.

There have been several key milestones which set out the rationale for ensuring social welfare rates are adequate and considered in relation to living standards at that time. The 1986 Commission of Social Welfare proposed that social welfare must be adequate to prevent poverty and must be judged considering actual standards of living in contemporary Irish society. It did not, however, examine at what level social welfare rates would be considered adequate.

Following this, the 2001 Final Report of the Social Welfare Benchmarking and Indexation Group¹³ suggested there is scope for enhancements in the area of income adequacy as a result of difficulties with existing processes in securing the objective of providing sufficient income to live life with dignity.

¹³ Economic and Social Research Institute (ESRI), Final Report of the Social Welfare Benchmarking and Indexation Group, 2001 - <https://www.esri.ie/publications/final-report-of-the-social-welfare-benchmarking-and-indexation-group>



There is a clear need to ensure adequacy for the setting of social welfare rates, which is expanded in relation to social assistance and social insurance payments in the section below.

However, the system must have in-built mechanisms which monitor and advise on social welfare rates on an annual basis. Considering how volatile the cost of living can be, the system must be responsive to ensure that social welfare payments are adequate to protect people from poverty and support a decent standard of living, in real time.

Social assistance payments

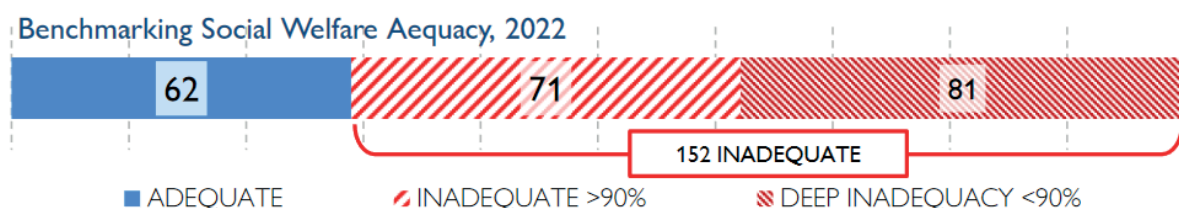
Social assistance rates should meet a minimum standard of living, with a view to maintaining this as a 'floor' regarding adequacy and protection from poverty.

Sinn Féin believe that social assistance payments, which are typically subject to means-testing, must be based on ensuring a decent standard of living.

Our calls for providing income adequacy across social welfare supports also align with recent research and development in this area. Building on years of work in the field, the Vincentian Partnership for Social Justice (VPSJ) has carried out extensive research to establish minimum income needs for different household types.

If we take Jobseeker's Allowance as an example, the maximum rate is set at €208 per week subject to means-testing. In 2021, the standard rate of Jobseeker's Allowance provided for 80% of the required income to support a single adult in receiving a quality standard of living¹⁴. This rate is already set below the poverty line and could be further reduced, depending on entire household income.

As shown in the diagram below, of the 214 cases reviewed for the Minimum Essential Standard of Living (MESL) analysis 2022, social welfare fell short of providing an adequate income in 152 cases¹⁵.



An example of variances in household types, the 2020 assessment of social welfare income adequacy found that deep income inadequacy is concentrated in households with older children (aged 12 and over) and one adult-headed households, i.e. lone parent households and single working-age adult households. Linked with this, the CSO's Survey on Income and Living Conditions (SILC) 2021 found that enforced deprivation rates were highest among persons living in households with one adult and one or more children aged under 18 (44.9%), and those not at work due to long-standing health problems or disability (33.4%)¹⁶. The CSO define 'enforced deprivation as not being able to afford two or more deprivation

14 Vincentian Partnership for Social Justice (VPSJ), MESL Pre-Budget Submission 2022, June 2021 - https://www.budgeting.ie/download/pdf/vpsj_mesl_pre-budget_2022_submission.pdf

15 Vincentian Partnership for Social Justice (VPSJ), Budget 2022: MESL Impact Briefing, October 2021 - https://www.budgeting.ie/download/pdf/budget_2022_-_mesl_impact_briefing.pdf

16 Central Statistics Office (CSO), Survey on Income and Living Conditions (SILC) 2021, May 2022 - <https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2021/povertyanddeprivation/>



indicators, which include being unable to keep the home warm and being unable to afford new (not second-hand) clothing. Households solely dependent on social welfare payments are most at risk of income inadequacy¹⁷ - and, in turn, deprivation - because of rates being determined insufficiently.

The VPSJ argue that current rates point to systemic issues in the accepted equivalence scales which inform the rates of payments¹⁸. For example, the equivalence scale underestimates the cost of one adult-headed households when calculating rates of means-tested welfare payments. This is particularly true when calculating rates for older child dependents, which meets just 62% of the minimum adequate standard of living for a child over the age of 12. Coupled with an already inadequate standard rate for core social assistance payments, it is not surprising that social welfare rates are not sufficient to protect from poverty.

Linked with these findings, the 2021 Survey on Income & Living Conditions (SILC) found that individuals living in lone-parent households had the highest consistent poverty rate at 13.1%¹⁹ - demonstrating that social welfare payments to these households are largely inadequate in their current form.

It is estimated that €1 in every €20 collected by the state through taxes, social insurance and other charges ends up being allocated 'to make up for the way that poverty damages people's lives'.²⁰ Considering this, if the social welfare system in Ireland was set up to ensure households have adequate levels of income to meet needs, there would be considerably less expenditure on poverty-related costs each year.

Yet, even at the highest possible rate, the payment rates for social welfare schemes do not consider varying costs experienced by households across our society. Existing rates of social assistance payments do not adequately support even a MESL, which should act as a baseline for setting welfare rates.

The concentration of deep income inadequacy is due to the current structures of the social welfare system. Aligning with Sinn Féin's calls for a phased increase to social assistance payments²¹, VPSJ propose addressing this issue by ensuring that there is commitment to a progressive realisation of core working-age payments being set at a MESL²². Ensuring an adequate baseline payment would also support a review of scales of equivalence and support the effective distribution of resources for qualified dependents based on household need over time.

By ensuring core social assistance payments do not drop below an adequate income floor, it is possible to provide sufficient income to both protect households from poverty and to support a decent standard of living.

It is also important to note that the MESL could fall as access to public services (more affordable or universal) becomes a reality. For example, reduced childcare costs will reduce the weekly outgoings of households therefore, reducing the amount needed across social welfare rates.

17 SVP, Benchmarking Social Welfare Rates: Submission to the Department of Employment Affairs and Social Protection, April 2019
 18 Vincentian Partnership for Social Justice (VPSJ), Budget 2022: MESL Pre-Budget Submission, June 2021 - <https://www.budgeting.ie/publications/budget-2022/>
 19 Central Statistics Office (CSO) Survey on Income and Living Conditions (SILC) 2021, May 2022 - <https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2021/povertyanddeprivation/>
 20 SVP, The Hidden Cost of Poverty in Ireland, June 2020 - <https://www.svp.ie/getattachment/869467cb-2d60-4fe2-b612-a8c6e4357cdc/The-Hidden-Cost-of-Poverty.aspx>
 21 Sinn Féin, Building Better Social Protection For All, Alternative Budget 2021, October 2021 - <https://www.sinnfein.ie/contents/62016>
 22 Vincentian Partnership for Social Justice (VPSJ), MESL Pre-Budget Submission 2022, June 2021 - https://www.budgeting.ie/download/pdf/vpsj_mesl_pre-budget_2022_submission.pdf



Social insurance payments

Social insurance payments are critically important in supporting people who find themselves out of work and in need of financial assistance until they can find a new job, recover from an illness, or while caring for a loved one. These protections are in place as a safety net for times of crisis and should provide sufficient support to those who need them.

Put simply, rent, mortgage payments, electricity, heating, food bills and much more, will continue whether a person is in work or not. Our Social Protection system should provide supports which ensure that workers or families do not fall off a financial cliff-edge because they lose their job or have to leave their employment through no fault of their own. The current flat-rate payment Jobseeker's Benefit means the scheme is not responsive enough and fails to support workers as it should.

We know it is possible to have social insurance schemes which are responsive in times of need. We have seen many people require urgent financial support as a result of the Covid-19 pandemic, which caused huge levels of unemployment overnight and across a range of employment sectors. The introduction of the Pandemic Unemployment Payment (PUP) emphasised the need for income protection benefits which are designed to support those who face a sharp decline in income as a result of losing their job. In fact, it was an admission by Government that flat-rate benefits don't provide adequate income protection for workers when out of work.

Initially, the PUP was introduced at a flat rate of €203, in line with other social welfare payments. The PUP was then quickly increased to payment rate of €350 per week and tiered depending on previous earnings. This was a clear signal that the basic flat rate was insufficient to meet peoples' needs and had to be increased. As of January 2021, some 184,000 people who previously earned over €400 per week were in receipt of the maximum PUP rate of €350²³. While this was below the income that many workers availing of the PUP previously earned, these rates were substantially higher than the Jobseeker's Benefit rate (then €203 per week) that people would normally be entitled to if they were laid off in ordinary circumstances.

We believe people should not face an income cliff-edge because of losing their job. The creation of the PUP showed us that it is possible for social welfare supports to react nimbly and support workers in times of urgent need. Providing people with an income that will allow them to get back on their feet, without imposing additional worries or financial stress, should be the norm within our Social Protection system.

²³ Department of Social Protection, Update on Payments Awarded for Covid-19 Pandemic Unemployment Payment and Enhanced Illness Benefit, Appendices: County Breakdowns and other details, 11 January 2020 - <https://www.gov.ie/en/press-release/38143-update-on-payments-awarded-for-covid-19-pandemic-unemployment-payment-and-enhanced-illness-benefit/>



Recommendations

There is a clear rationale for introducing a reformed social welfare system. Sinn Féin recommends reforms to our Social Welfare system, to ensure it is adequate and sustainable into the future.

We want a social welfare system which is effective in supporting workers and families when they need it. Experts in this area, the Society of St. Vincent de Paul, note the danger of inadequate social welfare in that it can trap people in poverty and lead to greater social, health and economic costs²⁴. This is not the effect a social welfare system should have.

Sinn Féin propose three key reforms to the Social Protection system in the State.

1

Firstly, we propose the establishment of a Social Welfare Adequacy Commission, which would advise the Government on Social Protection

payment rates. The Commission would make recommendations on payment rates ahead of the annual Budget, with the aim of ensuring they are adequate, meet a minimum essential standard of living and protect people from poverty. This would ensure that all recipients are protected from poverty. It is important to note that these rates can fluctuate upwards and downwards, depending on inflation and the success of any Government in providing affordable housing, childcare or access to free healthcare when needed.

2

Secondly, we propose ensuring that all currently means-tested payments are set at rates that meet the Minimum Essential Standard of Living (MESL), to ensure that those who rely on these payments are protected from poverty, at the very least.

3

Thirdly, commencing with Jobseeker's Benefit, we propose linking the rates of PRSI-related social welfare supports to a percentage of previous earnings, as is the norm in many other countries. This would ensure that those who leave work due to illness, to care for a loved one or through unexpected unemployment do not experience a sudden collapse in income.

Tá trí phríomhleasú á moladh ag Sinn Féin ar an gcóras Coimirce Sóisialaí sa Stát.

1

Ar an gcéad dul síos, molaimid go mbunófaí Coimisiún um Leordhóthanacht Leasa Shóisialaigh, a thabharfadh comhairle don Rialtas maidir le rátaí íocaíochta Coimirce Sóisialaí. Dhéanfaidh an Coimisiún moltaí maidir le rátaí íocaíochta roimh an mBuiséad bliantúil, d'fhonn a chinntiú go bhfuil siad leordhóthanach, go gcomhlíonann siad íoschaighdeán maireachtála riachtanach agus go ndéanfaidh siad daoine a chosaint ón mbochtaineacht. Chinnteodh sé seo go ndéanfaí gach faighteoir a chosaint ón mbochtaineacht. Is tábhachtach a thabhairt faoi deara gur féidir leis na rátaí seo luainiú aníos agus anuas, ag brath ar bhoilsciú agus ar an rath a bhíonn ar aon Rialtas maidir le tithíocht inacmhainne, cúram leanaí nó rochtain ar chúram sláinte in aise a sholáthar nuair is gá gan titim tobann san ioncam.

24 SVP Benchmarking Social Welfare Rates: Submission to the Department of Employment Affairs and Social Protection, April 2019.



2

Ar an dara dul síos, molaimid a chinntiú go socrófar gach íocaíocht de réir tástála acmhainne ag rátaí a chomhlíonann an Íoschaighdeán Maireachtála Riachtanach (MESL), chun a chinntiú go ndéanfar iad siúd a chosaint atá ag brath ar na híocaíochtaí seo ón mbochtaineacht, ar a laghad.

3

Ar an tríú dul síos, ag tosú le Sochar Cuardaitheora Poist, tá sé beartaithe againn rátaí tacaíochtaí leasa shóisialaigh a bhaineann le ÁSPC a nascadh le céatadán de thuilleamh roimhe seo, mar is gnách i go leor tíortha eile. Chinnteodh sé seo nach n-íoslófaí ioncam go tobann dóibh siúd a fhágann an obair mar gheall ar bhreiteacht, chun aire a thabhairt do ghaolta nó trí dhífhostaíocht gan choinne.

As it stands, Ireland's system of social welfare fails those who are experiencing or are at risk of poverty. We urgently need to reform the system to provide effective and adequate supports for those who need it, when they need it. A Sinn Féin Government would be committed to delivering progress on these key reforms.

Social Welfare Adequacy Commission: Establishing a mechanism to monitor and recommend annual changes to payment rates

Sinn Féin has put forward the idea of establishing a Social Welfare Adequacy Commission for several years. We have introduced legislation on this on two occasions and included the proposal in our most recent general election manifesto and subsequent annual alternative budget publications.

The Commission would have three key objectives: to reduce poverty; to ensure a decent standard of living for vulnerable households; and to take the political football out of setting social welfare rates. It would offer evidence-based advice to the Government in advance of making decisions as part of its annual budget.

A Social Welfare Adequacy Commission would recommend payments rates with the aim of ensuring that everyone in receipt of a social welfare payment receives an amount that protects them from poverty and affords them a decent standard of living.

The objective would be to ensure that any future changes to rates are evidence-based and targeted at protecting those who need it most. By ensuring continued monitoring of the adequacy of social welfare rates, the Commission would help advise any Government who in turn can make decisions to truly lift households out of poverty. This would see a major transformation in society overall.

While the main role of a Social Welfare Adequacy Commission would be to report annually on the adequacy of social welfare rates and recommend any necessary changes, it should also have the power to recommend that any Government Department undertake a poverty impact assessment of a specific measure before it is introduced. This proposal has been welcomed by organisations such as the EAPN²⁵.

Sinn Féin believe that the establishment of a Social Welfare Adequacy Commission would be hugely

²⁵ European Anti-Poverty Network (EAPN), Providing adequate welfare supports for a life with dignity. 2019 - <https://www.eapn.ie/how-the-activities-of-banks-impact-on-the-lives-of-ordinary-people/>



significant for those who rely on social welfare supports from the State. Its establishment would create a pathway, away from the annual political football in the setting of social welfare rates.

Further to this, a Commission could support the work of Government in efforts to support the needs of specific groups and those who currently experience the highest levels of poverty, deprivation, and marginalisation.

PROPOSAL: Establish a Social Welfare Adequacy Commission to monitor and recommend annual updates to social welfare payment rates

Cost €0.3m

Social assistance payments: Establishing benchmark rates based on a minimum essential standard of living

Sinn Féin believe that social assistance payments must be made adequate to support a minimum standard of living. Social assistance payments, such as Jobseeker's Allowance, are currently means-tested and have a maximum rate of €208 per week - which, even at the highest rate of payment, does not take into account varying costs experienced by households across our society.

The concentration of deep income inadequacy is due to the current structure of our social welfare system. Existing rates of social assistance payments do not adequately support even a minimum essential standard of living (MESL).

The existing system of determining rates underestimates the cost of ensuring a MESL, and we see this exemplified with one adult-headed households with children when calculating rates of means-tested welfare payments. This means that the current system for determining social assistance is flawed and must be replaced with a comprehensive model to ensure social welfare supports in Ireland are fit for purpose.

We commend the longstanding work of the VSPJ, which refers to a MESL as a standard which meets an individual or household's needs²⁶. As well as this, benchmarking social welfare rates should establish an income 'floor', which means that social assistance payment levels do not fall below a certain level and can better protect recipients from poverty.

Calculating a MESL involves identifying the goods and services required by a household to meet their minimum needs. In doing so it is possible to produce an actual weekly cost of living for households²⁷ and establish adequate social welfare rates as a minimum floor which would support this standard of living.

Based on the work of the VPSJ in projecting a MESL in 2022, social assistance payments such as Jobseeker's Allowance would be raised to €260, from the current rate of €208 per week. That a €52 increase per week is required to raise these payments to a minimum standard underlines the inadequacy of existing social assistance rates.

Grounded in lived experience, the MESL provides an evidence-based benchmark for social welfare

26 Vincentian Partnership for Social Justice (VPSJ) A Minimum Essential Standard of Living and a Minimum Income Standard - <http://www.justice.ie/en/JELR/The%20Vincentian%20Partnership%20for%20Social%20JusticeFINAL.pdf/Files/The%20Vincentian%20Partnership%20for%20Social%20JusticeFINAL.pdf>

27 Minimum Income Standard Calculator - <http://misc.ie/home>



payments. Backed by expertise and research, we want to establish social assistance rates which reflect the real cost of living and support an adequate minimum income for households.

Sinn Féin, in conjunction with a newly established Social Welfare Adequacy Commission, would create the necessary parameters to inform the creation of a fit for purpose and robust MESL.

PROPOSAL: Incrementally increase core social welfare rates to ensure that everybody is provided with a minimum essential standard of living

Additional cost €3.42bn

In September 2022 the Department of Public Expenditure and Reform estimated the cost of bringing all payments, including personal rates, qualified child increases and living alone allowances up to a MESL at €3.42 bn*. The estimate is likely to rise over time due to inflation. However, other Sinn Féin proposals would have the effect of reducing the cost e.g. free GP care, cheaper childcare and public transport fares.

*The figure does not include Jobseeker's Benefit personal rates, which are discussed in detail later in this document.

Social insurance payments: Transitioning from a flat-rate to a percentage of previous earnings

Sinn Féin want to reform our social insurance payments to ensure people do not face an income cliff-edge when they lose their job

Under the current weekly Jobseekers Benefit provision of €208, a person earning €500 per week who loses their job has less than half of their income protected. To prevent severe falls in household income resulting from unexpected unemployment, a system of Jobseekers' Benefit should be paid at a rate based on a percentage of previous income (with a maximum cap), aligning with calls from bodies such as the Irish Congress of Trade Unions (ICTU)²⁸.

As well as this, introducing greater tapering with regard to withdrawal of payments would help to stagger the effects of loss of income. Linked with our calls, the National Economic and Social Council (NESC) also recommends greater tapering for the withdrawal of social welfare payments to prevent a cliff-edge when household income is reduced. They argue that this approach reduces poverty and unemployment traps and eases the transition to work²⁹.

We propose that Jobseekers Benefit would be paid at a percentage of previous net income up to a maximum payment rate, e.g. €350, and that this model of social insurance payment would be available for nine months as per the current Jobseeker's Benefit timeframe. Following this period, any recipients who have yet to obtain employment, could apply for the improved Jobseeker's Allowance payment.

Work on the proposal to shift to a pay-related model of social insurance payments is underway, and both the Parliamentary Budgetary Office (PBO) and the Economic and Social Research Institute (ESRI) have carried out modelling on how this may be implemented and the estimated cost of such reform. At our request the PBO has created a modelling of the current Jobseekers' Benefit scheme and a proposed pay-related scheme under stylised assumptions and with a replacement rate of 90% for the first two months, 80% for the next two months and 70% for the remainder of the scheme. Based on this analysis, the additional cost of the proposed scheme relative to the current scheme, is approximately €136 million in a full year (including full-time and part-time recipients). Using a different set of parameters (including sample size and the calculation of gross earnings

28 Irish Congress of Trade Unions (ICTU) Blog: Social Welfare isn't working for workers - <https://www.ictu.ie/blog/social-welfare-isnt-working-workers>

29 National and Economic Social Council (NESC) The Future of the Irish Social Welfare System: Participation and Protection No 151. November 2020 - 151_Future_Social_Welfare.pdf (nesc.ie)



over net), ESRI's SWITCH modelling of a pay-related scheme is based on pro-rata hours worked in place of days worked and uses a replacement rate of 70% of prior earnings. Based on their analysis, the ESRI estimate that such a scheme would have an additional cost of €285m in a full year³⁰.

In any cases where the replacement rate for Jobseeker's Benefit would mean an individual were to receive a rate which was lower than the MESL, they would instead receive the relevant social assistance rate.. This would maintain an income adequacy floor across the social welfare system and ensure that no one would be subject to social welfare payments which leave them below the poverty line.

The purpose of introducing percentage-based replacement rates with a staggered tapering of payments over time is to prevent households facing a financial cliff-edge; the payment rate would be capped to ensure social insurance fund sustainability, and so that the incentive to work remains.

We would also propose that these changes would be replicated in respect of a pro-rata social insurance support via Jobseeker's Benefit for part-time, short-time and casual workers. This would enable these workers to receive payment rates which are based on a percentage of previous earnings, up to a maximum rate. Sinn Féin recognises the merits of an approach based on hours rather than days when it comes to calculating Jobseeker's Benefit for part-time workers. This model would also enable all workers to remain under one system of social welfare benefits.

We would seek to extend the use of rates based on previous earnings across social insurance payments, beyond Jobseeker's Benefit.

PROPOSAL: Incrementally introduce pay-related Jobseekers Benefit rates to prevent a cliff-edge when a worker loses employment

Additional Cost: €136m - €285m*

*Dependent on modelling used to determine provision of pay-related scheme.

30 Economic and Social Research Institute (ESRI), Earnings-related benefits in Ireland: Rationale, costs and work incentives, June 2022 - https://www.esri.ie/system/files/publications/BP202302_0.pdf



Appendices

Appendix 1 – Social Welfare Payments in Ireland

Disability and illness

- COVID-19 enhanced Illness Benefit
- Illness Benefit
- Invalidity Pension
- Disability Allowance
- Blind Pension
- Treatment Benefit Scheme
- Occupational Injuries Scheme - Introduction
- Injury Benefit
- Disablement Benefit
- Medical Care Scheme
- Domiciliary Care Allowance
- Partial Capacity Benefit

Carers

- Carer's Allowance
- Half-rate Carer's Allowance
- Carer's Benefit
- Carer's Support Grant
- Domiciliary Care Allowance

Unemployed people

- Jobseeker's Benefit
- Jobseeker's Allowance
- Jobseeker's Transitional payment
- Jobseeker's Benefit (Self-Employed)
- Professional artists on Jobseekers Allowance

Older and retired people

- State Pension (Contributory)
- State Pension (Non-contributory)

Families and children

- Parent's Benefit
- Working Family Payment
- Back to Work Family Dividend
- Maternity Benefit
- Paternity Benefit
- Child Benefit

- One-Parent Family Payment
- Adoptive Benefit
- Health and Safety Benefit
- Back to School Clothing and Footwear Allowance

Death related benefits

- Widow's, Widower's or Surviving Civil Partner's (Non-Contributory) Pension
- Standard Bereavement Grant
- Widowed or Surviving Civil Partner Grant
- Widow's, Widower's or Surviving Civil Partner's (Contributory) Pension
- Guardian's and orphan's payments
- Special Funeral Grant

Farming and fishing

- Farm Assist
- Rural Social Scheme

Back to Education

- Back to Education Programme
- Back to Education Allowance
- Vocational Training Opportunities Scheme

Extra social welfare benefits

- Living on a specified island
- Household Benefits Package
- Living Alone Increase
- Smokeless Fuel Allowance
- Fuel Allowance
- Free Travel in Ireland
- Telephone Support Allowance

Supplementary Welfare Schemes

- Supplementary Welfare Allowance
- Exceptional Needs Payments
- Rent Supplement
- Humanitarian Assistance Scheme
- Urgent Needs Payments

Further information on available Social Welfare Payments can be found at: https://www.citizensinformation.ie/en/social_welfare/social_welfare_payments/

Appendix 2 – List of Stakeholder Groups Consulted

- Family Carers Ireland - Representative: Clare Duffy
- Irish National Organisation of the Unemployed (INOUE) – Representative: Bríd O'Brien
- Maynooth University – Representatives: Dr. Mary Murphy and Dr. Michael McGann
- SIPTU – Representative: Michael Taft
- SVP – Representative: Tricia Kiely



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