



Irish Minimum Income Network (Year 1 Report 2013)

Analysis of Minimum Income Schemes

What is the EMIN Project?

Bringing together various experts, professionals, academics and diverse entities active in the fight against poverty and social exclusion, the EUROPEAN MINIMUM INCOME NETWORK aims at building consensus towards the progressive realisation of adequate and accessible minimum income schemes in EU Member States.

The EMIN is a two-year project (2013-2014) funded by the European Commission, in line with the European Commission's Active Inclusion Recommendation of 2008, the Europe 2020 Strategy and in the context of the European Platform against Poverty and Social Exclusion.

You can also follow the work of the EMIN by clicking on 'follow' once you are on the EMIN blog <http://emin-eu.net>

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The opinions expressed do not represent the European Commission's official position.

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Section 1: Panorama

1.1 Background

Ireland is in the fifth year of a severe economic crisis and the third year of the Programme of Financial Support for Ireland agreed with the EC/ECB/IMF 'Troika'. The Irish Government is committed to reducing the General Government Deficit (GGD) from the current 7.6% of GDP to 3% by 2015. It intends to achieve this through further severe reductions in expenditure, with €5.1 billion to be cut from the budgets for 2014 and 2015. Since the Department of Social Protection is the highest spending Government Department (Ministryⁱ), accounting for just under 40% of total gross current Government expenditure in 2012, it is under pressure to produce substantial savings from year to year.

Ireland has an employment rate of 63.7%, almost five percentage points below the EU average of 68.5%. Unemployment has increased from 4.7% in 2007 to 13.7% in May 2013. Long term unemployment is particularly worrying, the current rate of long term unemployment is 58.2% of the overall unemployment figure increasing from 30% of the total in 2007. Unemployment for those under 25 years is now 28.8% of whom 24% are not engaged in either education or training. Strategies to tackle this challenge through the implementation in Ireland of the European Youth Guarantee are being debated at present, but plans are still at an early stage. Currently 1,000 people are emigrating from Ireland every week.

Table 1: Working-age payment recipients and their adult dependants, May 2013 ⁱⁱ

Type of payment	recipients	qualified adults
Jobseeker's Allowance	303,223	71,485
Jobseeker's Benefit	76,457	7,798
One Parent Family Payment	87,586 0	0
Supplementary Welfare Allowance	27,639	6,030
Other Working Age Income Supports (e.g. Farm Assist, Maternity)	44,951	5,746
Recipients of Working Age on Employment Supports	57,982	12,566
Invalidity Pension	51,532	7,568
Disability Allowance	102,631	9,922
Illness Benefit	61,042	6,389
Carer's Allowance	55,530	0
Other Disability Payments (Disablement Benefit, Blind Pension)	18,352	419
Subtotals	886,925	127,923
Total		1,014,848

Ireland's very high level of long term unemployed (at nearly twice the EU average) is of huge concern for policy makers. Another intractable problem in Ireland is the numbers of jobless households, a trend which was of concern even pre boom when there were resources available to tackle the issue. In 2007 the rate of jobless households was 15% in 2012 this number reached 22%. Adding this number of 'inactive' working age people to the current unemployed means that over a third of working age people are living on the lowest incomes, namely social welfare benefits. The inactive cohort includes students, some older people, carers and parents working in the home, people with disabilities and those who are not seeking work. As the most recent report from the Department of Social Protection puts it:

*this points to a persistent and systemic problem of joblessness in a significant minority of households, not just caused by the current crisis, but an embedded feature of our system before the crisis.*ⁱⁱⁱ

The combination of unemployment and spending cuts have hit low income individuals and households hardest, particularly those dependent on the Minimum Income Schemes (MIS) described in this paper.

Groups impacted disproportionately by poverty are those with no jobs, people living in social housing, those parenting alone and parents with large families. Poverty has increased under all of the measures tracked in the Irish EU-SILC reports. The numbers *at-risk-of-poverty*, that is falling below 60% of median equalised income, dropped from 2000 to 2008 but have risen slowly but consistently since, reaching 16% of the population in 2011. This line now stands at €11,141 a year for a single person or €25,848 for a household of four. The more basic *Deprivation* measure, meaning an inability to afford two from a list of eleven essentials, doubled between 2009 and 2011, affecting a quarter of the population, a third of children and 15% of those at work^{iv}. It must also be noted that children have suffered disproportionately during the recession. In 2011 9.3% of children (106,827, aged 0 – 17) continued to live in consistent poverty, up from 8.8% in 2010. Over €450 million has been cut from Child Income Support payments since 2009. 25% of children live in jobless households.

The difference between the trends for relative and consistent poverty reflects the fact that, while incomes for the poorest have changed only slowly relative to the general population, quality of life has been hit by unemployment, cuts to already oversubscribed public services, depletion of resources built up in better times and price rises.

The importance of social transfers in reducing the risk of poverty rate in Ireland is very evident. The at-risk-of-poverty rate fell from 52% before transfers to 16% after transfers, a much stronger 'transfer effect' than in 2005, described by the Government as one of the most effective transfer outcomes in Europe.

1.2 Ireland's welfare system

As Mary Daly describes in *Minimum Income in Ireland, A study of National Policies (2009)*, on which much of the background information in this report is based, Ireland's MIS derive historically from nineteenth century 'poor law' provision,

growing into a system of flat-rate payments contingent on needs, as determined by means tests and conditional on compliance with rigid criteria.

The social welfare system in Ireland delivers three main types of payments:

- **Social insurance payments:** for those with social insurance contributions, in addition to the necessary circumstantial conditions. These include: Jobseeker's Benefit, Illness Benefit, Maternity Benefit, Invalidity Pension, Carers Benefit and State Pension (Contributory). These schemes are funded from the Social Insurance system, to which contributions are made by employers, employees and the self-employed with the deficit made up from the Exchequer.
- **Means-tested payments** "*designed for people who do not have enough PRSI (social insurance) contributions to qualify for the equivalent social insurance-based payments. ...a person who becomes unemployed... but fails to qualify ... (for Jobseeker's Benefit) because he or she has insufficient contributions... can instead apply for Jobseeker's Allowance, which is the means-tested equivalent payment. ... The rules that determine how much you can or cannot have ... are often referred to as income disregards.*"^{vii} These minimum income schemes aimed at working age applicants include Jobseekers Allowance, One Parent Family Payment, Supplementary Welfare Allowance, Family Income Supplement, Disability Allowance and Carers Allowance. These schemes are funded entirely by the Exchequer.
- **Universal payments**, not linked to a person's income or social insurance record but dependent on specific personal circumstances. An example is the nearly universal Child Benefit.

While Ireland's tax system is generally in line with EU norms the social security contributions are not, accounting for only 5% of GDP in 2011. Ireland ranks 26th out of 27 countries for social contributions with both employers and employee contributions very low. This low level of Pay Related Social Insurance helps explain why social insurance payments are baseline and do not replace previous levels of employment income (unlike many other EU countries where social insurance might provide approximately 60 to 80% of previous income). Income replacement social insurance allows people to maintain household expenses, mortgages and other aspects of personal indebtedness for a period of time.

Ireland also differs from many European countries in providing the same level of payment for the duration of the benefit from the outset of the claim being approved. This can also be seen in relation to MIS, the social assistance schemes, where the duration of the payment is indefinite or until circumstances change

It should be noted that attempts to address the high level of contingency and complexity within MIS, which this report discusses, have been mooted notably in the 2010 report on the Single Working Adult Payment will be discussed in section 3.2). This report deals with the current reality and context in which MIS are delivered.

1.3 General Overview of Minimum Income Schemes (MIS) in Ireland

This report concentrates on the means-tested payments which effectively constitute our Minimum Income System for people of working age but refers to other benefits mentioned above for context and comparison.

The principal MIS are:

- **Jobseekers Allowance (JA)**, the main non-contributory allowance, not linked to social-insurance contributions, for people of working age. To qualify for JA, a person must be habitually resident in Ireland, be unemployed, over 18 years, capable, available and genuinely seeking work and must satisfy a means test. Most people receive this payment either (1) when they have used up their entitlement to Jobseekers Benefit (JB – this period has recently been reduced from a year to 9 months) or (2) in cases where they have not built up enough social insurance contributions to be entitled to JB.
- **Farm Assist and Fish Assist**, schemes available to farmers and fishermen/women, similar to JA, but with a different means test
- **One Parent Family Payment (OPFP)**: A payment to adults who are parenting alone, with 87,855 recipients in March 2013, costing €935m annually. Unlike JA, recipients are not currently required to be seeking work. There is a system of tapered income disregards, so that those earning less than €90 a week receive the full rate, while earnings over this amount are assessed at 50%. Those earning over €425 a week are not entitled to the payment. The OPFP plays a critical role in providing income supports to those parenting alone. Until recent years, it had been a passive payment whereby those on it had little or no engagement with the State with regard to upskilling, training or discussions on returning to work. Recent changes in this allowance are discussed in a separate section below.
- **Disability Allowance**: This allowance is for people of working age who have an injury, disease or physical or mental disability which they have had or are expected to continue to have for at least one year and which substantially restricts their ability to work. In Budget 2012, attempts were made to cut payment to those under 25 years, but this did not materialise.
- **Carers' Allowance**: People who fulfil a caring role for an individual who is medically certified as needing care and not living in a hospital receive this payment.
- **Widow's Non Contributory and Blind Pension**: Due to their circumstances recipients do not need to fulfil the genuinely seeking work conditionality due to their status.
- **Supplementary Welfare Allowance (SWA)**: This discretionary payment of 'last resort' is intended to 'guarantee a standard basic minimum income' and to provide immediate and flexible assistance for those who cannot meet their needs, who do not qualify for other payments, who are waiting for a decision on payment for another scheme, or who need help in an emergency or with exceptional needs. In 2012 there were 32,358 on this payment which cost €160 million.

- **Other MIS supports /supplements:** These include the
- Exceptional Needs Payment, to meet unusual circumstances
- Urgent Needs Payment, a single payment to help meet essential, once-off, exceptional expenditure, which a person could not reasonably be expected to meet out of their weekly income. These supplements are means tested by the Department of Social Protection staff previously known as Community Welfare Officers (CWOs).
- Rent Supplement is a payment to those on social welfare schemes (not just social assistance schemes) to contribute towards rental payments in the private rented sector. Recipients of MIS must contribute towards their weekly rental payments from their MIS payment, €32 a week for individuals and €40 a week for a couple. This scheme is very costly and has not achieved its objective, indeed it has interfered with the private rental market and led to a cohort of speculation landlords while delaying the provision of affordable local authority housing supply. While the new Housing Assistance Payment is currently being introduced on a pilot basis the pace is slow to date, which is disappointing given how dysfunctional Rent Supplement is and the opportunity cost is remains to the public purse
- Fuel Allowance is a means tested weekly supplement paid to people on certain social welfare payments, including MIS. It is paid for 26 weeks of the year, reduced from 32 weeks in 2012. The means tested Back to School Clothing and Footwear Allowance is a once a year payment to parents of school going children who are either on certain social welfare payments or in training or education.

While not technically a supplement, the **Qualified Child Increase** is a payment of €29.80 per child paid in cases where a child lives with the claimant. Recipients of both social assistance or social insurance social welfare payments can receive this payment with different age cut off points for different schemes. Likewise an additional payment called an **Increase for a Qualified Adult** is also payable to claimants for social assistance schemes who have an adult dependent spouse, civil partner or cohabitant, in these cases the adult dependent's income is assessed in the means test for the payment and must be below certain limits set out by the Department of Social Protection.

1.4 Changes to aspects of the Minimum Income Schemes

The current crisis has particularly affected those on MIS, an already vulnerable cohort. Many of the biggest changes to MIS date back to a *Supplementary Budget* in May 2009, shortly after the economic crisis hit. The Government argued that this was required to make savings to the social welfare budget, to avoid cutting core social welfare rates and to incentivise young people to avail of training and employment programmes. The main changes in this and subsequent budgets are as follows:

- Christmas Bonus was cancelled for most social welfare payments (an extra week's payment had been traditionally paid to many social welfare scheme recipients)
- Changes to eligibility to the Back to Education Allowance Scheme reduced the duration for which those on JA had to have been out of the formal education system, to three months from six, for those accessing second level education; and to nine months from twelve for those referred by a Jobs Facilitator who wished to access third level education
- Restrictions to the Rent Supplement Scheme, which required an applicant to have been an existing tenant for at least six months, or to have been assessed by a Local Authority as being in housing need, were introduced. The contribution towards rent increased from €18 to €24 a week, to be taken from the MIS payment; new maximum rent levels paid were decreased by amounts between 6 and 10%; and for those recipients already on Rent Supplement their rent was reduced by 8%. Currently single people on MIS contribute €32 a week towards their rent, and couples must pay €40. The most recent changes in Rent Supplement have increased levels of supports in some areas and the new Housing Assistance Payment is being piloted which should reduce the numbers on the very expensive Rent Supplement scheme.
- Changes to Jobseekers Allowance and SWA payments have been as follows:
 - In 2009 JA and SWA payments to new claimants under 20 years of age were reduced from €204.30 a week to €100 a week. From their 20th birthday they became entitled to the full adult rate
 - In 2010 further changes to JA saw a reduced rate of payment introduced, of €150 for those aged 22, 23 and 24 years and also a reduction to €150 for those over 25 years if they refused an activation measure or training place.
 - In 2011 the JA rate was reduced further for the 22 - 24 year old cohort to €144..
 - Changes to JA, introduced in February 2013, stipulated that a person needed to be unemployed for 4 out of any consecutive 7 days in order to qualify for payment (instead of 3 out of any 6 consecutive days previously).
 - Budget 2014 saw further drastic changes to Jobseekers Allowance or Supplementary Welfare Allowance for under 26 year olds for new claimants. Those who are currently claiming or who have children will not be affected by these rate changes. The changes are:
 1. People aged 18 to 24 years will receive €100 a week
 2. People aged 25 years with no children will get €144 a week
 3. People aged 26 years will get the full rate of €188 a week
 4. All Jobseekers aged 18 to 25 who are on the Back to Education Allowance scheme will get €160 a week
 - Since Budget 2013 the Back to Education Allowance is now only paid at the recipient's current social welfare payment rate and not the training allowance rate which can be higher, also the once off Cost of Education

Allowance was reduced from €500 to €300 in Budget 2012 and abolished altogether in Budget 2013. This move further undermined the rationale for cutting young peoples' JA rate as this made it more difficult for those coming from the poorest households to be able to afford to take up training and education opportunities. The Back to School Clothing and Footwear Allowance was cut from €305 in 2011 to €200 in 2013 for a child aged 12-22 years and from €250 in 2011 to €100 for child aged 4 – 11 years. This has been cut back further in Budget 2014 and is now only available to parents with children in either primary or second level education. To receive this back to school payment claimants must be in either low paid work or on a social welfare payment.

- While there have been no reductions in basic social welfare payment rates since Budget 2011 changes to eligibility and entitlement criteria have been modified resulting in less people being eligible for certain schemes, and in some cases, reform to schemes has resulted in loss of income for certain cohorts. As affordable and quality child and after school care is a major barrier to those with the lowest incomes the 2,500 childcare supports for training and education scheme (CETS) remains inadequate to meet need.

1.5 An example of changes in eligibility: the One Parent Family Payment (OPFP)

Lone parents have been affected by a range of recent budget changes, including the changes and rate decreases in the (universal) Child Benefit payment. Taken together, it has been calculated that lone parents suffered an income loss of approximately €847.60 a year between 2009 and 2013 before the reductions to the universal Child Benefit payment are considered.

These changes to the OPFP have been the subject of considerable public debate. It is the belief of some that although the official policy move towards a single adult working payment has been halted, in effect the policy has begun to be implemented for lone parents via a series of incremental modifications to the OPFP. These changes are summarised below.

1..Since February 2012, lone parents taking part in the Community Employment work experience scheme, a scheme which has been very popular with lone parents because of its part-time and family-friendly hours, can no longer claim another social welfare payment. Prior to this, participants on Community Employment schemes were entitled to two payments of the Qualified Child Increase of €29.80 per child, as they were in receipt of both the Community Employment payment and the OPFP. These changes affected 4,500 lone parents. Participants on Community Employment schemes are still entitled to an extra weekly payment of €20 as the rate of payment on this scheme is higher.

2..The earnings disregard for all recipients of OPFP who work has also been progressively reduced, from €146.40 a week in 2011 to €130 in 2012, €110 in 2013 and to €90 in 2014. This is to be reduced to €60 by January 2016, bringing it down to the JA level.

Representative groups were outspoken in their criticism of these moves, saying that these changes would undermine the ability of lone parents to seek and remain in employment because it has made it more difficult for them to afford the costs of going to work, including childcare, travel and subsistence. In May 2012, legislation was passed which made changes to the OPFP scheme. These changes included a significant change to the qualifying criteria for the OPFP scheme. In order to receive payment the age of the youngest child of the claimant must be below a maximum age limit with this age limit gradually reducing to 7 years of age from 2014 for new entrants and from 2015 for existing recipients. Transitional arrangements apply during the period 2013 to 2015 depending on the date the recipient first claimed OPFP. By 2015 the maximum age limit for the youngest child for receipt of OPFP for all claimants will be 7 years of age.

Originally, this phased reduction was set to occur in January of each year from 2013 until 2015. Following public discussion, the Department of Social Protection postponed the implementation of this change.

Budget 2013 contained amendments to postpone the dates of the OPFP scheme age changes – meaning that the phased reduction of the maximum age limit of the youngest child will now not apply until July of each year from 2013 until 2015.

From 2015 lone parents on the OPFP whose youngest child reaches the age of 7 years will no longer be entitled to the payment. The gradual phasing in of this change means that 7,782 lone parents will no longer receive the payment in 2014 and a further 46,020 will lose it in 2015. The majority of these who have an income support need will move to JA, as they will be of working age, where they will have access to *'the full range of work activation supports to enable them to become job ready and to find employment'* according to a Department of Social Protection note of May 2013. This in effect means that one parent families will be expected to engage with training and job seeking opportunities. Without appropriate and affordable after school care and relevant and customised skill matching /training supports these changes will mean in reality reduced activation supports and a cut in income disregards for a vulnerable cohort. The design of reforms to date clearly favour full time over part time work for this cohort, which could not be said to be an unintended consequence. The Department of Social Protection, recognising the impact that this measure will have on some lone parents, issued an explanatory note to the effect that it would facilitate the two categories of lone parents who will be affected by the reform. The Department engaged with representative bodies for lone parents and other NGOs and explained the measures in advance of the date of implementation. These measures aim to minimise the loss of income for those in full time work and the inability of those lone parents not working to fulfil the conditionality of JA.

- From July 2013, lone parents in work (in receipt of both OPFP and Family Income Supplement (FIS - is an income support payment for those with children working over 19 hours a week on low pay to help them take home an adequate wage) will see a drop in earnings, as they will no longer be entitled to OPFP when their youngest child reaches 7 years. To compensate

for this loss in earnings, the Department of Social Protection has changed the FIS rules, as an exceptional measure, to allow for review of eligibility for FIS, this payment is usually only reviewed and modified once every 52 weeks. In these cases the FIS payment may be increased to compensate for 60% of the loss of the OPFP payment. However, analysis shows that a lone parent with one child earning €200, €300 and €400 a week will lose €72.12, €52.12 and €32.12 a week respectively due to these changes.

- Lone parents not working who have children aged between 7 and 14 years will not have to fulfil the condition, usually attached to JA, of being available and genuinely looking for work. This measure is called *Jobseekers Allowance Transitional Arrangement* and has been developed in recognition of the *'difficulties these lone parents may face in balancing their caring responsibilities towards their young children with the eligibility requirements of the JA scheme'* to quote the Minister for Social Protection, and will only apply to people who continue to parent alone. Those lone parents with children over 14 years will move onto JA and be dealt with like others on that scheme.

The high degree of contingency within the Irish social welfare system is evident from the need to introduce these two emergency and compensatory measures to partially protect a vulnerable group from some of the worst effects of these changes. The concern is that child poverty, already very high in lone parent households, will increase as a result of these changes, with these children growing up in more deprived households and with fewer opportunities than their peers. In particular that group of lone parents who work and receive the OPFP but not FIS, for whatever reason, may be very badly affected by this change as FIS won't be there to compensate for some of the loss of income.

An important variable which impacts on this cohort is the lack of affordable and accessible after school care in Ireland, coupled with fact that the early years care and education infrastructure is seriously underdeveloped and not comparable, in terms of quality and coverage, to many other European countries. The current Minister for Social Protection went on record in the Irish Parliament in April 2012, at the announcement of the lone parent reforms, insisting that she would only proceed to introduce the age cut-off for the OPFP if she got a *'credible and bankable commitment on the delivery of such a system of childcare'*.

To begin to address this, Budget 2013 included a €14 million initiative to supply 6,000 after school places for children of lone parents affected by the changes to the scheme due to the age of their youngest child. This €14 million commitment compares very poorly with the proposals for supporting lone parents launched by the Department of Social Protection in 2006 which included a 5 year strategy to address the supply and cost of childcare at a cumulative cost of €2.65 billion. However, this is only a very partial response to the challenges posed by the lack of a quality, accredited early years care and education and after school infrastructure to facilitate working parents and those who wish to avail of training and study opportunities This after school had such a poor take up in 2013 that funding was diverted from it (it still functions as a national scheme) and has been allocated to

provide childcare support for those parents who wish to take up training and further education opportunities in the newly named SOLAS and Education and Training Boards courses.

Note: The European Social Fund

The role of the European Social Fund (ESF) is not discussed in this paper sine it does not play a substantial role in minimum income in Ireland, being primarily focussed on labour market initiatives and., to a lesser extent, on community development and services.

Section 2: Assessment of Minimum Income Schemes

Like other European countries, Ireland is experiencing drastic retrenchment in Government spending. As part of this, there were cuts to rates of payment in MIS in budgets 2009, 2010 and 2011. Overall, MIS payment levels have dropped by between 8 and 10% since 2010. Ireland continues to meet the terms of its agreement with the ECB/EC/IMF Troika which maintains sustained pressure on the highest spending Department, the Department of Social Protection.

Since the change in Government in 2011, there have been no direct cuts to MIS rates, as this was a key commitment in the manifesto of the current Government parties and in the Programme for Government, although there have been changes to eligibility and conditionality for schemes. In particular, recipients of JA or SWA can have their entitlement to the payment cut by up to 25% if a suitable job offer is refused, or if they refuse to engage in an appropriate training course or take part in a programme under the National Employment Action Plan. This conditionality is now being used more proactively by the Department of Social Protection under the previous requirement for those on JA to be available and genuinely seeking work

2.1 Adequacy

While there have been no actual cuts to the level of payments on minimum income schemes since 2011, the large numbers of people falling below each of the three officially recognised poverty thresholds show that the level, coverage and take-up of benefits is insufficient to provide a decent life for many people.

Between 2000 and 2010, MIS payment rates doubled, while median incomes and the at risk of poverty threshold (60% of equivalised median income) increased by only 44% (this peaked at 66% in 2008, but dipped again subsequently). The increase in MIS payments was part of a commitment by Government, within the context of National Partnership Agreements (between Government, Employers, Trade Unions, Social NGOs and Farmers) and the Irish National Action Plan for Inclusion (NAP Inclusion). This reduced the gap between minimum income and the at risk of poverty line, as payment rates caught up quickly. From 2010 on, median income dipped, while rates were maintained in line with the current Government's pledge. However, there is still a sizable gap, as the 2012 single person poverty line weekly income was €207.94, plus €137.24 for an adult dependent (66% of poverty line figure) and €68.62 for a child (33% of poverty line amount) while the weekly payment rates are €188 weekly for JA and equivalent payments and €186 weekly for those on SWA.

MIS payment rates are also below the Minimum Essential Standard of Living (MESL) reference budgets developed in Ireland by the Vincentian Partnership for Social Justice (VPSJ)^{vi} a faith-based NGO interested in social justice and democratic participation by those living in social exclusion.

The MESL methodology is widely supported by NGOs and academics in Ireland and, while it is not used in calculating official poverty figures, its development has been

supported by Government financially and the research findings are contributing depth and realism to the adequacy debate.

Since 2004, VPSJ has compiled a range of MESL budgets for various household types and their work will soon cover 90% of households in Ireland. MESL reference budgets calculate what various household types need to spend in order to have a minimum essential standard of living which meets their needs. The approach is strongly peer reviewed and based on robust academic methodology. Over 4,000 items are costed and included in the research. The work indicates whether or not there are shortfalls in the households' outgoings and income from social welfare, including income supports and secondary benefits such as social housing, health costs (Medical Card) and help with education costs (Back to School Footwear and Clothing Allowance and School Book Grants) for those with school going children. Other household types are also studied, including those with both full and part time working patterns on the National Minimum Wage of €8.65 an hour. The variety of households researched offers policy makers deep insights into the complex interaction between welfare and taxation and how it affects low income households in Ireland.

The MESL expenditure data is adjusted annually for inflation, using a sub-set of the Consumer Price Index Detailed Sub-Indices from the Central Statistics Office. This annual adjustment ensures that the dataset maintains relevance and utility, keeping the expenditure data current as costs change. The Consumer Price Index is calculated on the basis of a much broader basket of goods and services than that necessary for a minimum essential standard of living.

The cost of an MESL rose by an average of 2.8% in the year to March 2013, faster than the general Consumer Price Index which shows a 0.5% increase for the same period. This clearly indicates that social welfare payments are not keeping pace with inflation, which puts those on MIS under pressure.

Currently in Ireland social welfare rates still leave large sections of the population below all of the officially accepted poverty lines. Coupled with the absence, poor quality or difficulties in accessing critical public services, in particular health and education, this means that for many living solely on welfare payments their income is insufficient to meet their weekly outgoings. Recent rises in inflation means that the real value of social welfare rates has been eroded although the rates have been left unchanged for two years. See below tables from VPSJ research:

Examples of social welfare dependent families showing weekly income and expenditure using Minimum Essential Standard of Livingvii

Two parents, baby, 3 & 10 year old	Two parents + 10 and 15 yr olds	Lone parent, baby and 3 yr old	Lone parent, 10 and 15 yr old
Expenditure 561.88	Expenditure 550.42	Expenditure 370.33	Expenditure 450.24
Income 494.12	Income 438.17	Income 317.60	Income 323.37
Shortfall 67.76	Shortfall 112.25	Shortfall 52.73	Shortfall 126.87

(In the above cases all sources of social welfare income are included such as Child Benefit, Back to School clothing & Footwear, Qualified Child Increase, Qualified Adult Increase, One Parent Family Payment, Fuel Allowance, social housing costs are used on the expenditure side.)

Example of single working age adult on social welfare showing weekly income and expenditure using Minimum Essential Standard of Living

Single adult working age	
Expenditure	327.23
Income	267.62
Shortfall	59.61

(In the above case, the single adult is in urban private rented accommodation and is in receipt of Jobseekers Benefit (rate €2 more weekly than the Supplementary Welfare Allowance), Rent Supplement and a medical card.)

A recent VPSJ policy paper shows that the Irish taxation and social welfare systems are not working coherently to support those on the lowest incomes. This paper found that, as a household's gross salary increased, the impact of higher taxation and the tapering of income supports means that three out of the four household types with children (where the National Minimum Wage cannot provide an adequate income) lose all targeted in work and child income supports before they achieved an income which meets their MESL expenditure needs.

The high cost of childcare is the core driver of MESL expenditure for low income households in work. VPSJ's research shows that childcare costs account for between 20% and 36% of households' minimum expenditure. The National Minimum Wage cannot provide enough for an adequate income for households who need childcare. This points to a critical failure of integrated policy and must be addressed.

Another VPSJ policy paper illustrates that social welfare transfers provide an income which allowed for an MESL in only 11 of the 208 cases examined; these cases were a mix of working and not working households. The 11 cases of adequacy were found in two parent households in which both parent were in receipt of the full personal rate of Jobseekers Benefit (Jobseekers Benefit is outside the scope of this report as it is a work related benefit and is a social insurance payment. However as with the previous point concerning families in low paid work paying more in tax than they receive in payments, it is included to highlight the lack of overarching policy objectives in the Irish benefit and taxation architecture.)

The inadequacy of public services cannot be decoupled from income adequacy. The VPSJ's research shows that:

- A combination of adequate income and increased availability of accessible services is needed to ensure that households have a minimum essential standard of living.
- Greater availability of, and access to, essential services would increase the impact that income support payments have on households' ability to afford a MESL.

The detailed work that VPSJ has undertaken, in particular their *Cost of a Child* research, reveals how the cost of bringing up children varies during the different stages of their development, with babies and adolescents being the most expensive

periods for parents. Their findings also show that it costs more to raise a family, particularly teenagers, in a rural setting than in an urban setting. Their recommendation to support the poorest households by increasing the Qualified Child payment (this is the social welfare additional child income support payment for families on welfare payments) for adolescents, with increases for younger children to follow in the coming years for households without work, would greatly contribute to addressing the problem of child poverty in households in receipt of MIS.

Another vulnerable group highlighted by VPSJ research is the single adult household on MIS. This group is not a priority for social housing, which results in them using the largely uninspected type of private sector accommodation which is expensive and usually of poor quality. They must contribute €32 weekly from their MIS towards their rent, leaving them with an income far below the poverty line, many pay more than that to make up the actual rent charged as the Rent Supplement limits set by the Department of Social Protection are often lower than the current average rents, this is the case particularly in the Dublin region.

Another recent submission by VPSJ shows that the average amount needed to have a Minimum Essential Standard of Living for a household with two parents and between one to three children using their methodology is just two thirds that of the spend of the same household type as per the Household Budget Survey conducted by the Central Statistics Office which purports to show what an average Irish family spends.

2.2 Coverage and Take Up of MIS

As mentioned previously, due to the contingency approach taken by the Irish administrative system, it is our view that, with the exception of the two groups mentioned below, the population is largely covered and has access to some form of MIS scheme depending on their particular circumstances. It must be noted however, that there is a cohort of women who instead of applying for an MIS in their own right, get access to coverage via their relationship with their partner/spouse via the payment called the Increase in a Qualified Adult payment. This skewed model of welfare predicated on a male breadwinner in households has resulted in a lack of direct access to individualised income for women.

This lack of direct access to one's own income is a core issue and often cited as a trap in relation to domestic violence. It also means that women are less visible in social policy and labour market policy. The National Women's Council of Ireland, the national representative body for women, argues that MIS should be administered individually as a default. There is evidence of 'administrative dragging' if women look for voluntary administrative individualisation which offers an insight into the culture, assumptions, beliefs and at the very least the legacy mindset on which the Irish social welfare system is predicated.

Regarding coverage in general, there is disquiet at the role played by administrative barriers, a lack of customer focus and awareness of their needs, and piecemeal reform which results in different approaches to dealing with applications, and indeed

actual access to service, dependent on location and in some cases staff availability. These problems create barriers to access which can result in less than optimal take up by eligible groups which experiencing vulnerability for a variety of reasons, may be unable to navigate their way through the complex administrative pathways and make the right choices for their circumstances. Unfortunately there is a deficit of data concerning take up as feedback from NGOs is anecdotal but consistent.

2.3 An example of lack of coverage: Exclusions from MIS for migrants, including returned emigrants, and asylum seekers

Two explicit exemptions from coverage by all MIS are:

1. **The Habitual Residence Condition:** Since 1 May 2004, applications for most minimum income schemes must generally satisfy the Habitual Residence Condition^{viii}. This is defined as follows on an official website: “The term “habitually resident” is not defined in Irish law. In practice it means that you have a proven close link to Ireland. The term also conveys permanence - that a person has been here for some time and intends to stay here for the foreseeable future.” The Condition is judged against five factors: “(1) Length and continuity of residence in Ireland or in any particular country; (2) length and purpose of absence from Ireland; (3) nature and pattern of employment; (4) applicant’s main centre of interest; and (5) future intention of applicant concerned as they appear from all the circumstances.” This means that many migrant workers coming to Ireland, particularly from outside the EEA, and Irish people returning from living abroad, do not qualify for most benefits. However, as the Department’s website points out: “In certain circumstances the provisions of EU Law override national legislation. For example a person with EU migrant worker status qualifies for a family benefit even if they may not satisfy HRC for other payments. ...For the purposes of any claim to Supplementary Welfare Allowance (SWA), an EU national who is engaged in genuine and effective employment in Ireland is regarded as a migrant worker under EU law and does not need to satisfy the habitual residence condition. This means that EEA nationals who have been employed since arriving in Ireland may be entitled SWA, even if they may not satisfy the habitual residence condition for another scheme subject to the condition.”
2. **Direct Provision for Asylum Seekers:** Asylum seekers in Ireland are not entitled to work and they are excluded from all MIS. Instead, they are provided with basic accommodation and board in accommodation centres and live on an allowance of €19.10 per week (€9.60 for children). Asylum applications often take many years to determine, leaving asylum seekers in poverty and creating institutionalisation.

Both of these exclusions, which produce levels of destitution not encountered by those covered by MIS, were introduced in response to fears of ‘attracting migrants’ in media and political debate and have never been justified on cost saving or social policy grounds.

2.4 Public Debate

Levels of social welfare payments are the subject of regular debate in the media and political spheres in Ireland. This debate does not always differentiate between MIS and other welfare schemes and often serves to confuse an ill-informed public which hastens to judgement on those in receipt of the many social assistance schemes, in the context of a perception of a high level of fraud. Hostile comment tends to exaggerate fraud (which in fact accounts for a small component of the total budget) within the system and disincentives to work.^{ix}

There is a persistent strand of negative media commentary which stereotypes recipients of MIS as unwilling to work and actively seeking to maximize their access to financial and other supports such as social housing and medical care. Specific sub cohorts of MIS recipients feel the brunt of this, in particular lone parents who are often singled out and at times demonised as a homogenous group with no interest in being self-reliant. That is not to say that there are not cases where the OPFP is being received by a household where the children are not being parented alone but by a couple living together. Many advocate groups have made the point that if children were placed at the centre of policy making regarding child income supports this would remove the threat of families living apart in order to fulfill the criteria for this payment.

Another example of a sensationalistic media debate was the furore when the Department for Social Protection discontinued its budget for discretionary payments for special expenses under the SWA, often used to cover expenses for religious ceremonies for children. This budget had been reduced from €3.4 million in 2011 to €1.5 million in 2012 and was eliminated totally this year. The intense, but short-lived, media focus on an atypical payment going to a small cohort of welfare recipients distracts from the more important and critical debate about what should be an adequate income and what reforms need to be implemented to support a more effective social welfare system.

Not all commentators are judgemental and adversely disposed to those who find themselves on MIS. More sympathetic commentators talk about the need for a social safety net and point to continuing levels of poverty and explicit cut backs and rationing of public services as dangerously eroding social cohesion.

In an address to the European Parliament, the (directly elected, but non-executive) President of Ireland, recently talked about the importance of both a decent standard of living and social solidarity and questioned the use of the term 'reform' to mean cuts to public services, reduced wages and a focus on poor quality insecure jobs rather than quality sustainable employment.

This debate becomes particularly live in Ireland before each annual budget, when there is pressure to save money by cutting overall expenditure. This is often reported in the media as a debate between political parties in Government, or between the Minister for Social protection and the Minister for Finance. In the middle of June this year the Minister for Social Protection caused controversy by suggesting that the National Minimum Wage should be increased towards a 'living wage'. She pointed out, factually, that FIS is effectively a subsidy to employers who pay low wages^x.

As previously mentioned in this report, the Department of Social Protection continues to emphasise the positive role it plays in reducing the poverty rate by 31% via social welfare transfers, a role NGOs affirm and welcome as this contributes towards social cohesion. Although a coherent proactive communications strategy from this Department to address and debunk the widely debated welfare to work myths is noticeable in its absence.

The EC/ECB/IMF 'Troika' has repeatedly stated the view that there should be a strong emphasis on choosing measures which minimize the impact on the most vulnerable, within agreed deficit targets. An interesting quote is: *'it is perhaps part of the present malaise that the blame may now be shifting to outsiders, thereby providing temporary excuses for avoiding necessary and sweeping reform'*^{xi}

A number of think-tanks, including *Social Justice Ireland*, the trade union research centre *Nevin Economic Research Institute* and the centre-left think tank *TASC* have argued that the cuts in the welfare budgets are damaging and unnecessary. All three have put forward separate proposals on how to raise extra revenue, broaden the tax base more equitably and stimulate the economy to escape from austerity policies and unemployment.

The reference budgets developed by the VPSJ have not as yet impacted significantly on public debates on social welfare rates in Ireland, being often dismissed as 'too generous', although it must be noted that the Department of Social Protection itself part funds their work and has a collegial and respectful relationship with the organisation. EAPN Ireland argues that this methodology should be used alongside the poverty measures currently tracked in the EU SILC to broaden our understanding of adequacy. The VPSJ approach is more nuanced and holistic than the other measures and captures household composition, ages of children and the complex dynamics of family life, child rearing and geographic location which in Ireland has an important impact on households' expenditure.

Interestingly, the recently launched Irish Insolvency Service guidelines for personal debt, borrowed heavily from the VPSJ methodology and figures to arrive at adequate incomes for those approaching bankruptcy. Amid widespread publicity, many commentators argued that the reference budgets approach named as emanating from VPSJ research were far too low to expect people who are insolvent to live on, without pointing out that they had previously described these same levels as too high for welfare recipients!

Another salient element missing from public debate regards the sustainability and fairness in taxation policy and the need for a measured and well mediated public debate and consensus on the need for a fairer more progressive system. As it is in the intersection between welfare work and taxation that the poorest households experience barriers and hardship particularly within the context of oversubscribed and underfunded public services.

Section 3: Coherence of the Active Inclusion Strategy

Mary Daly notes that Ireland differs from some EU counterparts in not having an explicitly stated attachment to the concept of an 'active' welfare state. Reform has been slow in Ireland and has not been happening in an integrated manner linking different Departments through shared policy goals but rather in various Departments at the same time but without a jointly agreed outcomes focus.

The current Minister for Social Protection has criticised her predecessors for not reforming the social protection system, but simply increasing rates, when money was freer and doing nothing to reconfigure the administration to a more proactive system of flexicurity to actively seek to engage social welfare recipients with meaningful opportunities to access training and potentially work.

The Minister's core messages about her department are as follows:

- *Let's get people back to work.*
- *Let's ensure that we protect core payments.*
- *Let's make sure that the system doesn't allow people to abuse it*

The former head of the IMF mission to Ireland, Ashoka Mody, recently added his voice to those who reject the austerity-only policies within Ireland's EU-IMF bailout programme. The OECD continues to be concerned at the high rate of youth unemployment and 'persistent skill mismatches'.

The EU Commission also commented in its most recent quarterly report on Ireland's progress in its bailout programme, criticising the pace of reform in the area of unemployment supports, pointing to the numbers of staff available to deal with the very high volume of currently unemployed people as being insufficient to deliver the agreed reforms.

3.1 The Developmental Welfare State

In Irish policy circles, one of the key references for the debate on active inclusion is *The Developmental Welfare State*^{xii}, published in 2005 by the National Economic and Social Council, the body which advises the Prime Minister on strategic issues for Ireland's economic and social development. The report was an attempt to apply the principles of active inclusion, linking services, income supports and activation measures, in an Irish context. It also introduced the 'lifecycle approach' to Irish policy making, considering policies as they affect children, people of working age, those with disabilities and older people, which has provided the template for most social policy initiatives since.

Unfortunately the journey from policy to practice has been slow, partial and has not resulted in an easier navigation for MIS recipients through the interaction of these three policy spheres. In short, MIS recipients continue to have varied, and at times negative, experiences while attempting to access these schemes and this has the

potential to impact heavily on these individuals' daily lives and indeed their life chances.

The NESC report, mentioned above, noted the diversity of circumstances and potential for attachment to the labour market among recipients of MIS. The report stressed the need for systematic attention to be given to ensuring that the necessary supports are available to enable recipients of MIS and other benefits to progress to '*fuller social and economic roles*'. The report further recognises that the support services which should be given to those on unemployment benefit and assistance should also be provided to other groups of working age who are MIS recipients. In particular the care and supports people with disability will need if they are to access employment

Access to quality services such as education, health, child and elder care, housing, transport and employment services is named as a critical element necessary to achieve a workforce which can contribute to a competitive knowledge economy while maintaining social cohesion and combating social exclusion. But, given the current economic and fiscal situation Ireland finds itself in, cutbacks and rationing of public services have an inordinate impact on those on MIS as they cannot buy access to private health and education supports and services which better off people often do to avoid lengthy delays, poor quality or in some case no service at all in the public system.

3.2 Towards a Single Adult Payment

As part of a long-running debate on ways to address the complexity and level of contingency within the Irish social welfare system, a report was published by the Department of Social Protection in 2010 called *Report on the desirability and feasibility of introducing a single social assistance payment for people of working age*^{xiii}. This report has generally not been implemented, as the economic and fiscal climate is not conducive to delivering the level of supports and quality of services needed to make it happen. EAPN Ireland takes the view that a single working age payment, with harmonised activation conditions, could be desirable, but that it cannot be introduced until the services and supports are in place and until quality employment is available. Childcare is a particularly important missing component. This view has been endorsed by a parliamentary committee and publicly accepted by senior officials of the Department of Social Protection.

The OECD *Economic Review 2009* also concurs with the view that Ireland has too many social assistance schemes, which are overly complex, create poverty traps and are costly to administer. Several reports have criticised the contingency inherent in many of the Irish MIS, with different payments depending on personal circumstances, for lone parents, people with an illness, people with caring responsibilities, unemployed etc. The complex rules, particularly the means testing, income disregards and interaction with other payments like secondary benefits, have resulted in a categorisation of people according to the payment they receive. This approach can have the effect that people remain on schemes for long periods of time without active engagement with appropriate supports to encourage them to become job ready, where that is appropriate to their circumstances. The structural

nature of this lack of progression is shown by the fact that, in the 25 to 65 year age group, those who are long term dependent on MIS only varies by 1% in each five year age cohort, at between 4.5% to 5.4%, clearly pointing to a lack of movement to supported training or work.

3.3 Activation

In her two reports, Daly has concluded that Ireland's approach to an active inclusion strategy for people distant from work has been confined largely to a reform of activation measures and service configuration by way of administrative reform. She contends that measures so far have fallen short of an integrated approach to addressing active inclusion, adequate income support and access to quality services. She has characterised the Irish approach as 'cross cutting' in nature - addressing different policy areas in the same process but not in an adequately integrated way. She cites the Action Plan for Jobs and the Pathways to Work Programme as 'relatively strong attempts' to develop an integrated approach but notes that they are still sectoral in nature.

Over the past three years, there have been substantial changes to the way in which welfare and training services have been administered at a national level. The main labour market support programmes have been transferred into the Department of Social Protection. A new National Employment and Entitlements Service has been established, bringing together the Community Welfare Service, the Employment Services and Community Employment Programmes of FÁS, the Rural Social Scheme and Community Services Programme from the former Department of Community, Equality and the Gaeltacht and the Redundancy and Insolvency schemes from the Department of Enterprise, Trade and Innovation with the aim of improving the administration of social welfare programmes and job activation.

The aim is to offer a more streamlined, efficient and integrated service to users by integrating income support and employment schemes while aligning them to welfare payments and supports. They plan to deliver a more proactive case management approach to develop a *personal progression plan* scheduled for recipients. This is of most relevance to JA, as recipients of this scheme must fulfil the condition of *being available and genuinely seeking work*.

The culmination of this process of integration is the INTREO service, currently being rolled out, to bring together welfare, training, education and employment services at local level. It is too early to assess the effectiveness of this, but the most recent EU Troika mission report, published in June 2013, criticised the shortcomings of the services and questioned the level of training and resources available to deliver the required service and achieve reform.

Daly does contend, however, that the changes in operations have been confined mainly to the labour market strand of the administrative system. She notes that those needing to avail of other schemes, which are not directly labour market facing, still encounter varied levels of service which fluctuate across the different locations where services are available.

While the National Action Plan for Social Inclusion sets out 12 high level goals covering the four spheres across the life cycle, she observes that there are still separate government Departments designing and delivering policy and services across these three strands which interferes with the pace and effectiveness of the reform committed to.

Daly argues that Ireland has not implemented the EU Recommendation on Active Inclusion^{xiv} She also suggests stronger integration across all platforms of Government and streamlining of the different strategies, plans and administrative arrangements to complete the needed reform and highlights the lack of relevant services as a critical barrier to continued progress.

In her first report Daly surfaced a concern regarding poverty traps which resulted because the configuration of certain schemes actively constrained certain vulnerable cohorts from seeking to change their situation. She viewed these groups, living on MIS, as often vulnerable to debt, low self-esteem and potentially lacking the motivation and ambition to progress their lives. These observations were echoed by some of the political representatives consulted for this report who fear for the long term erosion of ambition and esteem which results from stagnation on a payment with no sense of momentum or progression, and in particular the effect this has on the children in these households.

Section 4: Identification of obstacles to implementing adequate Minimum Income Schemes

(This section is based mainly on consultation with a wide range of interested groups and individuals.)

Across the spectrum of political and other viewpoints, two dominant themes clearly emerged from the consultation process for this project:

- the level of contingency and the number and complexity of schemes, which most felt to be a barrier to access, and
- the degree of discretion associated with the implementation of the main scheme of social assistance, SWA.

A more fundamental challenge for proponents of a robust minimum income system, particularly in times of economic stringency, is to win public support for the taxation required to fund such a system and to counter arguments that increased minimum income inevitably disincentivises work, makes the economy uncompetitive and damages growth.

4.1 Contingency and complexity of MIS

The ad hoc nature and number of schemes in place was viewed as a problem by some. Others saw this as the result of the Irish State attempting to respond to new needs as they emerged, rather than designing a robust safety net system for those ineligible for social insurance related support.

The contingency based approach was seen by people of all political views as lacking in transparency and not the most effective approach to meeting need. One expert commentator noted the increase in numbers from the long term unemployed cohort which have migrated onto Disability Allowance or other social assistance schemes, and are therefore categorised differently. People who administer the system themselves agree that the level of contingency is too high and too difficult to administer.

The complexity of the various schemes and the different means testing systems needed to implement them was criticised repeatedly as an obstacle to access and an ineffective use of scarce administrative resources. MIS are not viewed as user friendly enough by NGOs which by their nature work with applicants trying to access these schemes.

A particular problem in Ireland is the residual and deteriorating access to and quality of critical public services and the impact this lack of provision has on those living on MIS who do not have the means to buy commoditised private services such as preferential access to health care (via health insurance) or afford the participation costs of education which is a barrier for many on low incomes. Due to their obvious inability to buy commoditised goods such as faster access to diagnostics and

treatment or extra educational support to improve chances of college entrance these people experience worse health and educational outcomes which have long term consequences for their life chances.

4.2 Discretionary element of SWA

EAPN Ireland members and some other interviewees noted the uncertainty and fear which applicants experience due to the discretionary nature of SWA, one of the MIS under consideration for this report. Some commentators said that this operates as a barrier to access to the scheme as some people do not think they will be eligible, citing previous history of how social welfare staff applied the guidelines and assessed other claimants. The anomalies in how applications are dealt with surfaced repeatedly as an issue of concern, with the view expressed that some applicants simply give up and resort to money lenders to access cash, as eligibility is difficult to assess due to the complexity of the means testing and the lack of transparency.

While the merger of the CWO service (which administers SWA) into the Department of Social Protection has decreased the number of processes applicants need to navigate to access a payment, and the system is perceived to be generally more responsive, the discretionary element still remains problematic. There was a concern raised that as long as SWA remains discretionary subjectivity will continue to interfere with transparency and fairness resulting in lower take up. On the other hand the fact that social welfare staff have discretion in how they deal with cases, within specific limits and guideline amounts, can at times work in a claimant's favour as the staff member has the ability to use their discretion and apply the guidelines in a helpful and generous way. Overall, this element of discretion creates a lack of clarity and a perception among many clients that individual applications can be influenced by political representations, which is not conducive to transparency, fairness and confidence raising.

Across the board, interviewees noted that the discretionary element made the scheme difficult to apply equitably at a national level, with anomalies still evident. Clarity and transparency were qualities many preferred to discretion, which they believe acts as a disincentive to take up.

4.3 Political challenges

Interviewees' political views naturally influenced their view of recent political and economic events, with some noting that the previous government had been very generous in increasing social welfare rates during the boom years as a political expression of social solidarity. Others saw this period of cash benefit increases as a missed opportunity to undertake the deep reform needed to achieve a responsive, proactive system which encourages participation, especially from those furthest from the labour market. It was noted by all that public acceptance of welfare rates increases was high during this period but that this approval has tapered off considerably since the recession.

It was also noted that the current government has done little to engage employers on the issue of the informal economy, thus facilitating them to keep pay rates down. The result of this has been that pay rates in the services, retail and other low paying sectors have remained inadequate. This has been viewed by these commentators as another lost opportunity to reform the system. It was in this context that the Minister for Social Protection spoke about her frustration about the fact that some payments in effect subsidised low wage employers through the FIS scheme. The point was also made about the very low rates of pay in the informal sector which is the sector that many vulnerable groups access to get work due to the work unfriendly social welfare rules

A fear was expressed by some that the tight fiscal environment might offer an opportunity for further conditionality and decreased eligibility for MIS to be introduced under the guise of reform which would be counterproductive and result in less access for vulnerable groups. This fear has also been very recently articulated by the Irish President when he addressed the European Parliament.

There has always been a concern that social policy, and the role of the Department of Social Protection, are seen as less important to other Departments than 'economic' Departments. This has been identified for many years as a weakness in the implementation of the Irish NAP Inclusion, as it has been in many other EU member states. This has been reinforced by the central role of the Economic Management Council^{xv}, which takes the lead role on the implementation of the Troika agreement and on economic and fiscal planning, and which does not include the Minister for Social Protection nor other Cabinet Ministers.

4.4 Administrative Obstacles

Other barriers to improving MIS in Ireland include the sheer volume of demand for welfare supports resulting from the economic situation and large scale unemployment. Some feel that the administrative system is overwhelmed by the volume of activity and cannot keep up with its ambitious reform agenda. These same commentators saw the Department of Social Protection as paralysed by the pressure being exerted on it to achieve consolidation, while honouring the commitment in the Programme for Government not to reduce core social welfare rates. They fear that the tensions surrounding the expenditure debate consume too much energy and focus and detract attention from the much needed reform.

The lack of an outcomes focus in the introduction of new reforms was alleged by some, which resonates with a key observation in both of the Daly reports, that an absence of integration across relevant departments hampers improvement and efficiencies in the Irish administrative system.

The dominant culture of payment certainty was noted as a brake on reform, with the degree of caution and slow pace concerning change being cited as barriers to be overcome. There were varying views as to the Department's ability to deliver effective change at both a cultural level (of how staff individually interact with customers) and their willingness, ability and capacity to embrace change and reform. The need to deliver on politically expedient decisions emanating from Ministers and

a lack of joined up outcomes focused approach at policy level both inter and intra departments were also noted as obstacles which need to be solved to improve the ability of the public service to function effectively, flexibly and quickly. The continued high level of meanstesting within the Irish MIS system carries an obvious high transaction cost for the Department of Social Protection as staff resources are needed to resource this function which could be deployed elsewhere in the system to more productive ends if high level of various criteria and eligibility rules were rationalised.

Some elected representatives cited the high numbers of refusals of applications for schemes, particularly for illness related social assistance payments, which are often overturned on appeal as indicative of a negative culture which seeks to limit access to MIS by vulnerable people instead of adopting an enabling, proactive approach to meeting need.

Differences in approach to customer care continue to be cited as challenges which need to be solved to ensure a consistent and proactive customer care approach to dealing with MIS applicants and recipients. There is also the issue of poor morale as staff workloads have increased at a time of high workloads and pay cuts within the public service.

4.5 MIS Design Issues

The duration of SWA was seen by some political representatives as a barrier to ambition, with the danger in their view of some SWA recipients becoming dependent on the payment. However, most SWA claimants progress to other appropriate schemes such as JA when their application has been processed. The Department suggests that the true figure for SWA claimants should be about 10,000, rather than the 33,700 quoted for the year end 2012, when those who should be on other schemes have been moved onto the appropriate scheme.

The Rent Supplement Scheme, while not technically an MIS itself but a secondary benefit, was mentioned frequently as contributing to an insidious unemployment trap which many feel discourages many unemployed people in receipt of help toward their rent, in the private rented sector, from considering work as their earnings from low paid work would not cover their rent, childcare and other outgoings such as medical and education expenses if their income from work moved them above the income thresholds for eligibility for the various secondary benefits. Steps are being taken to dismantle the unemployment trap associated with Rent Supplement via the Housing Accommodation Scheme , leasing and the new Housing Assistance Payment which should yield a reduction in the numbers of people who are reluctant to make the move from welfare to work due to the loss of their Rent Supplement. These initiatives, supported by most of the homeless and housing NGOs and IMF will require Local Authorities to pay rent directly to landlords and charge tenants according to their ability to pay. Delays in implementing these initiatives stem from reluctance of private landlords to join RAS and by the lack of appropriate skills and competences within Local Authorities to manage the market facing functions (negotiation with landlords etc) and the public service embargo on recruitment.

Since the integration of the Community Welfare Officers into the Department of Social Protection, these officers, who are always the point of access to those seeking help under SWA, are not quite as accessible as previously when they were located in the 38 regionally located Health Offices. Although the counterargument to this viewpoint is that since these staff members are now working in the Department itself applicants for MIS can be processed, means tested, assessed and moved to whichever scheme is relevant to their situation more quickly than if before when Community Welfare Officers were located in a different office with non-compatible ICT and administrative systems. Previously, separate applications needed to be made in different offices and organisations, often resulting in delays. The application for MIS should now be more streamlined with a more efficient back office process whereby applications are processed quicker and moved to the appropriate scheme thereby freeing up staff to work with the more complex and demanding SWA cases presenting with multiple needs. These are the so called 'hard cases' which need a higher level of engagement, often including referral to other health and social care services, as the individuals may be presenting with complex levels of need. However, there is also evidence that some people are experiencing difficulty accessing SWA as their initial application for another social welfare scheme is refused, they are then advised to appeal this decision but they are also refused SWA based on the assessment undertaken as part of their initial claim. So they then face into an appeal with the possibility of no income. This barrier to access to SWA can be seen in the figures on this scheme in 2012 which at 32,358 constitutes a drop of -.5% on 2011 for the same scheme.

4.6 Coverage

It is commonly held that the scheme of last resort, SWA, termed the 'sweeper payment' within the Department, covers those who need access to it with the exception of two very vulnerable groups; asylum seekers and those who do not fulfil the Habitual Residency Clause discussed under Section 1 above. Excluding these two vulnerable groups is a serious shortcoming as it undermines the rationale of SWA being the scheme of 'last resort'.

The motivation for both exclusions seems to be a desire to avoid attracting too many poor or destitute migrants to Ireland, response to media scare-mongering about 'welfare tourism' and a push to ensure that migrants without specific skills are maintained as a reserve labour force, tied to particular employers and leaving when labour demands go down. This is a crude response which underestimates the contribution of migrants to the economy. It results in some people, particularly those who cannot demonstrate the Habitual Residency Clause link with Ireland - ending up in desperate situations and falling on charitable organisations such as the St Vincent de Paul Society to meet their most basic needs such as food and shelter. NGOs and charities working with these vulnerable people then face the difficult situation of facilitating these individuals to stay in Ireland - with no hope of any resolution to their predicament - or to decline to support them and offer help in an often unwilling, but last resort, repatriation.

The high number of refusals of applications for health related MIS has been noted as an issue in need of further analysis and reform. Some felt that there was a dominant culture of initially refusing applications, but later granting them on appeal, as the number of cases granted on appeal is currently 54%.

There is a small but very vulnerable group of young people aged between 18 and 25 years who, for various reasons, leave dysfunctional family homes and seek to live independently, usually in poor quality private rented sector housing with outgoings larger than their income. This group is a difficult one to support as they often lack the skills to become active, particularly with regards to their understanding of the value of an education as an enabler out of poverty. Their chances of entering, staying in and progressing to an educational or training qualification are minimal. Lives lived on the margins of society are a consequence of lack of support for this cohort, which is always a cause for concern but more so if they become parents themselves, thus transmitting disadvantage and exclusion to their own children.

There is another cohort of young people whose MIS payment rates have been reduced substantially in recent budgets, to little public outcry. In 2009, young people aged between 18 and 21 years on JA had their payment decreased to €100 and those aged between 21 and 24 years had their payment cut to €150 in the 2010 budget and then to €144 in Budget 2011 unless they were in training or education or had dependent children.

It was noted that in Ireland social assistance schemes are not related to previous pay levels and as such it can be traumatic for many who find themselves unemployed and means tested on their partners' income. As social assistance payments are means tested, they take no cognisance of the predicament many find themselves in, with high levels of personal indebtedness, mortgage arrears, failed business etc. For this cohort means testing has been shown to be unfit for purpose as many households have outgoings which are simply beyond the remit of MIS as they are usually associated with serious mortgage arrears and high levels of personal debt.

Section 5: Suggested Next Steps- Roadmap to adequate MIS

5.1 Developing the principles for an effective Minimum Income System

There was general agreement among interviewees, whatever their views on adequacy, that three principles should guide the system:

- Simplicity
- Transparency
- Fairness

The following features were seen as capable of improving current provision:

- ✓ Integrated policy objectives aligned with other Departments
- ✓ Responsiveness and effectiveness
- ✓ Avoiding contingency, in the interests of simplicity, although care must be taken not to favour simplicity over detailed design features which enhance the MIS ability to deliver appropriately
- ✓ Aiming for one basic scheme, with tailored conditionality for those dependent on caring circumstances or disability
- ✓ Focussing on child well-being, rather than the familial status of their parent(s)
- ✓ Means testing should be avoided, as it is not socially cohesive
- ✓ A move towards universal payments funded by a progressive taxation system
- ✓ A contributory mechanism, whereby even those on the lowest payment contribute something
- ✓ Ease of access – in some remote regional locations it is still the case that applicants only have weekly access to Community Welfare Officers
- ✓ Effective communication of this new culture through the entire Department and Government

5.2 Agreeing a definition of adequacy

The Government view that the social welfare payment rate is close to adequacy is disproved by both the deprivation indicators in the EU-SILC, discussed above, and the reference budgets developed by the VPSJ.

It is clear from VPSJ's robust research that the current social welfare payments, including social assistance MIS rates, do not meet the amount of money it takes to achieve a Minimum Essential Standard of Living in Ireland. The reference budgets developed by the VPSJ should be used to set targets for the progressive increase in the levels of the MIS. This will take concerted effort, dialogue and negotiation as well as campaigning by advocates of social justice, as attitudes are entrenched.

It must be noted that the Department of Social Protection has part funded the VPSJ and welcomes its contribution to the adequacy debate. The time has now come for

this work to be incorporated into how the Department designs its policy and delivers on these policy objectives.

The role played by the various supplements and secondary benefits must be analysed thoroughly as it is often the interaction between these payments and entitlement criteria which create undesired outcomes for various MIS recipients in the current context. This issue is very closely linked to the concept of adequacy and must be tackled.

5.3 Building Consensus

A recent study by the Bertelsmann Foundation poll showed that Irish people report a relatively strong sense of solidarity relative to other OECD countries^{xvi}. However, translating this solidarity into a commitment to active inclusion, through adequate income, services and pathways to work, is not as straightforward as the solidarity expressed appears to remain in the affective and personal domain. In the annual Trust Barometer produced by Edelman PR ^{xvii} Irish people consistently rate their trust in their politicians at a low level which reflects the disconnect between the personal and the political. As the current economic crisis develops, solidarity with those on the lowest incomes is endangered by a range of false or exaggerated perceptions, encouraged by some sections of the media and politics, about the cost of welfare, the level of abuse and the levels of payments, as discussed above. Thus a challenge exists to begin the work of arriving at a place of more solidarity cohesion and less sectoral competitiveness with regard to scarce resources.

A first step must be made to communicate to the general public, and to policy-makers, the real needs of people on MIS and to build a consensus across society on the importance of a comprehensive, fit for purpose and adequate social protection system which is not merely defensive of its current configuration of benefits and services but ambitious and capable of systemic reform. This argument must be made using clear language with explicit and effective messages showing which show the benefits to all of having a decent baseline below which we should not expect people to subsist and a welfare system which allows people to live in dignity and which does not damaging to their life chances.

There is a need for a rigorous public debate on adequacy, and the long term social, fiscal and economic damage and dangers of not having a reasonable and liveable standard of living for all. This debate should consider, in clear and accessible terms, the benefits and outcomes which would result from adequate payment rates in terms of long term societal gains and improved outcomes for social cohesion and individuals' ability to contribute and reach their potential.

Recovery must mean something to those who need to contribute to it, via their taxes. Therefore speaking in terms of engagement, fairness, contribution and the benefits to the various audiences must be a central plank of a well thought out influencing and communicating strategy. Clarity and efficacy of communication will be critical to an advocacy campaign on this issue.

The EMIN campaign in Ireland will be an important first step in this process and has the potential to make an important contribution and to be a galvanising and cohesive process.

5.4 Funding a comprehensive Minimum Income System

Public consensus is essential to funding positive reforms and resisting the pressure to simply cut existing supports. It needs to extend to a debate on how to build up Ireland's currently low overall tax take without placing excessive burdens on middle and low income households and individuals.

It continues to be a source of dissatisfaction to those concerned with equity and fairness that the average effective tax take of those earning over €100,000 is only 26%.

There is a crucial need for fiscal stability which can only come from a Government which has the trust of those they represent. Currently there is a level of unease and disconnect as many are concerned that budgetary decisions are being made by those who are cushioned from poverty and disconnected from the reality of surviving on a very low and proven to be insufficient income. Again the EMIN network has an important role here as it can contribute a voice - if presented coherently and delivered in appropriate language - which can bring people together rather than separate them into various sectoral interests competing with each other for contested resources.

5.5 Implementing a MIS – some practical considerations

Secondary benefits must be reviewed more frequently to understand how they interact with MIS and produce long term poverty or unemployment traps. For example, rent levels change quickly and this should be reflected in the levels set for the Rent Supplement Scheme. More flexibility must be built into review mechanisms and ability to respond more rapidly to changing circumstances built into programme implementation.

The different dynamics and costs of living which rural and urban dwellers have to contend with need to be reflected in how MIS operates. This is factored into the VPSJ reference budgets.

Poor, inadequate or reducing access by MIS recipients to the at times residual and often explicitly rationed core public services of health, social housing and education must be addressed.

Access by MIS recipients and applicants to schemes they are applying for must be maintained, even in times of restricted staffing budgets. Clearer navigation aids must be available to potential MIS users. In particular, clarity must be offered regarding which scheme best suits applicants' circumstances. This means that staff implementing MIS need to be trained, and indeed often retrained due to previous dominant cultures of withholding or restricting access, to engage with applicants to

ensure that they are offered a standard of public service which is acceptable and respectful.

There must be sensitive and careful monitoring of the continued need for people to be able to engage in a face to face encounter with a staff member rather than make their claim through the post to a centralised office or electronically. Removing the possibility for direct communication can have unwanted consequences whereby disaffected claimants make more representations to their elected representatives in order to either complain or further their application, neither of which is a good use of a nationally elected representative's time.

A centralised unit to deliver effective, speedy, responsive meanstesting could be an interim solution in the unlikely event that meanstesting will be eliminated from the Irish social welfare system. This centralising has the potential to speed up response time, ramp up quality of service provision and reduce errors, increase quality of service, deliver continuous improvement and reduce transaction costs across the Department.

Improving the environment where people access services, such as removing glass screens which are unnecessary and inhumane and ensuring that there is adequate space for discreet conversations with staff, are obvious elements of a more client friendly environment. Although resources and budgets are limited appropriate culture training and incentivisation of staff by well trained and motivating managers can deliver changes which can be cost neutral and long lasting.

The quality and compatibility of data must be improved. A more responsive easy to share data warehouse system must be prioritised which would allow various agencies, the Health Service Executive, Revenue Commissioners, Departments of Social Protection, Environment and Local Government, Local Authorities etc. to share and access a centrally housed data warehouse. This would lessen delays, duplication and lower transaction costs within Departments.

A thorough evaluation of the reasons for the various schemes needs to be conducted to ascertain what the objectives and outcomes of the various schemes are, if they are currently delivering the desired outcomes and if there are other ways of achieving the same outcomes (for recipients) in more equitable and efficient ways.

The call for greater simplicity, made by many consulted for this report, needs to be balanced against the sensitive calibration of a MIS which caters for real need.

At the macroeconomic level the Irish Government has the power and means to take more deliberate measures to control many aspects of the cost of living such as more intervention in rent controls, limiting consumption taxes, freezing or reducing increases in public services such as transport, medical costs (including drug costs), restricting energy costs, intervening to keep education costs down (school book publishing both hard back and ebooks) and in general, intervening to proactively encouraging market competition.

Adjusting all available policy levers which impact on the cost of living would have an effect on MIS and would create a more integrated 'whole of Government' approach to avoiding the dilemma of MIS levels remaining under the real cost of living. Intervention to regulate and achieve better outcomes for the public good.

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Abbreviations

CWO	Community Welfare Officers
FIS	Family Income Supplement
JA	Jobseekers Allowance
MESL	Minimum Essential Standard of Living
SWA	Supplementary Welfare Allowance
VPSJ	Vincentian Partnership for Social Justice

Annex: Consultation for this report

People who were interviewed and/or gave substantial written comments

Aonghus O Snodaigh, TD	Sinn Fein spokesperson on Social Affairs
Caroline Fahey	Social Policy Analyst, Society of St Vincent de Paul
Denis Moynihan	Principal Officer Budgeting Unit Department of Social Protection
Fergal O'Brien	Economist, Irish Business and Economic Confederation (employers' representative body)
Jim Walsh	Principal Officer, Social Inclusion Division, Department of Social Protection
Joanne Tuffy, TD ¹	Labour Party, Chairperson of Joint Oireachtas (Parliamentary) Committee on Social Affairs and Education
June Tinsley	Policy Analyst, Barnardos children's' charity
Miriam Murphy	Policy Officer, Sinn Fein Political Party
Nat O Connor	Director, TASC Think Tank
Pat Carey	Fianna Fail, former Minister for Social Affairs
Roisin Shortall, TD,	Former Minister for Primary Care, previously Labour Party spokesperson on Social Welfare
Seamus Boland	Irish Rural Link
Sharon Waters	Irish Refugee Council

Group discussion

In addition to those listed above, the following took part in a structured discussion on Minimum Income, as a contribution to this report, led by the authors:

Alice Davis, Director LIR Anti Racism Training Ltd.; Bernadette MacMahon, Vincentian Partnership for Social Justice; Bob Jordon, Director, Threshold housing rights agency; Brid O'Brien, Head of Policy, Irish National Organisation of the Unemployed; Ineke Durville, Irish Association of Social Workers; Kevin P.O. Kelly, Former Director, Combat Poverty Agency; Michael T. Mackey, Galway Simon Community; Patrick Burke, Director, Youth Work Ireland; Philip O'Connor, Former Director, Dublin Employment Pact, Chairperson EAPN Ireland; Saoirse Brady, Free Legal Advice Centres; Sara Dennehy, Focus Ireland Housing Rights, housing rights organisation; Sheila Simmons, Irish Association of Older People; Tess Murphy, Former Director, Longford Women's Link.

Notes

ⁱ In Ireland, Ministries are generally referred to as ‘Government Departments’ and the term ‘Department’ is used to refer to ministries throughout this report

ⁱⁱ from *Pathways to Work*, 2013 pg 10

ⁱⁱⁱ Ireland. Department of Social Protection (2013) ‘Pathways to Work 2013 – 50 point plan to fight unemployment’ Dublin. Stationary Office available at <http://www.welfare.ie/en/downloads/Pathways-to-Work-2013.pdf>

^{iv} The latest figures, for 2011, are in the **Survey on Income and Living Conditions**, (SILC), 2011 & revised 2010 results, CSO (Central Statistics Office), 13 February 2013, at http://www.cso.ie/en/media/csoie/releasespublications/documents/silc/2011/silc_2011.pdf.

Basic deprivation is an Irish indicator that captures individuals lacking 2 or more of 11 basic necessities, due to a lack of income. This is enforced deprivation as distinct from the personal choice not to have the items. The 11 items used to construct the deprivation index are:

- *unable to afford two pairs of strong shoes*
- *unable to afford a warm waterproof overcoat*
- *unable to afford new (not second-hand) clothes*
- *unable to afford a meal with meat, chicken or fish (vegetarian equivalent) every second day*
- *unable to afford a roast joint or its equivalent once a week*
- *without heating at some stage in the last year through lack of money*
- *unable to afford to keep the home adequately warm*
- *unable to afford to buy presents for family or friends at least once a year*
- *unable to afford to replace any worn out furniture*
- *unable to afford to have family or friends for a drink or meal once a month*
- *unable to afford a morning, afternoon or evening out in the last fortnight for entertainment.*

^v *The Irish Social Welfare System*, Citizens Information Bureau, on http://www.citizensinformation.ie/en/social_welfare/irish_social_welfare_system/

^{vi} See <http://www.vpsj.ie/understanding-of-justice/poverty.html>

^{vii} Source for these tables : http://www.budgeting.ie/images/stories/Publications/Budget_Analysis/Budget_2013_-_Impact_Analysis.pdf

^{viii} According to the Department of Social Protection Website, <http://www.welfare.ie/en/Pages/Habitual-Residence-Condition---SW-108.aspx>:
“You must satisfy the habitual residence condition for:

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- *Jobseeker's Allowance,*
 - *State Pension (Non-Contributory),*
 - *Blind Pension,*
 - *Widow's, Widower's or Surviving Civil Partner's (Non-Contributory) Pension,*
 - *Guardian's Payment (Non-Contributory),*
 - *One-Parent Family Payment,*
 - *Carer's Allowance,*
 - *Disability Allowance,*
 - *Supplementary Welfare Allowance (other than once-off exceptional and urgent needs payments),*
 - *Child Benefit, and*
 - *Domiciliary Care Allowance."*

^{ix} By some estimates, social welfare fraud constitutes 0.1% of the overall Departmental budget – see

<http://notesonthefront.typepad.com/politiceconomy/2011/11/this-claim-is-getting-tiresome-minister-of-state-fergus-odowd-has-said-that-the-government-believes-it-can-save-600m.html>

^x Sunday Times June 16th 2013 '*Burton Calls for Minimum Wage Increase*'

^{xi} O' Hagan, J. and Newman, C. (2011), *The Economy of Ireland*. Dublin: Gill and MacMillan

^{xii} <http://www.nesc.ie/en/publications/publications/nesc-reports/the-developmental-welfare-state/>

^{xiii} <http://www.welfare.ie/en/Pages/Report-on-the-desirability-and-feasibility-of-introducing-a.aspx>

^{xiv} Assessment of Implementation of European Commission Recommendation on Active Inclusion June 2012 EC DG5

^{xv} The Economic Management Council consists of the Prime Minister (Taoiseach (Chair); Tánaiste (Deputy Prime Minister and Leader of the Second Party in Government and Minister for Foreign Affairs and Trade) Minister for Finance and Minister for Public Expenditure & Reform

^{xiv} Scally, D. 'Irish strong on solidarity despite harsh economic conditions' Irish Times 17th July 2012 Available from <http://www.irishtimes.com/news/world/europe/irish-strong-on-solidarity-despite-harsh-economic-conditions-1.1465744>

^{xvii} Edelman Trust Barometer 2013 Annual Global Study Available from <http://www.slideshare.net/fullscreen/EdelmanInsights/global-deck-2013-edelman-trust-barometer-16086761/1>