

Minimum Income in Ireland



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Context

- Fifth year of a severe economic crisis
- Programme of Financial Support, EC/ECB/IMF 'Troika' 2010- 2013
- Commitment to reduce debt from 7.6% of GDP to 3% by 2015
- Unemployment: 4.7% in 2007 to 13.7% in 2013.
- Long term unemployment 58.2% of overall unemployment (from 30% in 2007).
- Unemployment under 25 years - 28.8%
 - of whom 24% are not engaged in either education or training
- 1,000 people emigrating from Ireland every week.



Irish welfare system

a system based on contingencies/needs, not rights

- **Social insurance payments for those with social insurance contributions from work**
 - **Jobseeker's Benefit**
 - **Illness Benefit, Maternity Benefit, Invalidity Pension, Carers Benefit and State Pension (Contributory) Exchequer.**
- **Means-tested payments**
 - **For those without social insurance contributions**
 - **Means tested**
 - **Jobseekers Allowance**
 - **One Parent Family Payment, Supplementary Welfare Allowance, Family Income Supplement, Disability Allowance and Carers Allowance.**
- **Universal Payments (regardless of income)**
 - **E.g. – child benefit (nearly universal)**
- **Secondary Benefits (for special requirements)**
 - **Rent, Mortgage Interest, Fuel, Back to School Clothing & Footwear Allowance, Medical Card (to allow for a basic level of free medical treatment)**



Changes to benefits

- **New Government in 2011 agreed to keep basic level of (non-contributory) social welfare unchanged – €188 per week**
- **But instead they have:**
 - **Restricted eligibility**
 - **Reduced services and secondary benefits like rent and fuel allowances**
 - **Increased compulsory activation conditions (training or work) for benefits**
- **Targeting vulnerable groups**
 - **2011 – serious cuts to One Parent benefits in 2011**
 - **2013 – number of days of work per week allowed in order to claim unemployment reduced**
 - **2013 – Jobseekers allowance halved for people under 26**



Coverage and take-up

- Complexity makes it hard to navigate the system
- Fear of increasing conditionality (poor quality or unpaid work) reduce take-up
- Excluded groups
 - Asylum seekers - €19.10 per week, plus accommodation and food
 - Migrants – immigrants and returned Irish emigrants excluded – ‘habitual residency condition’



Adequacy

- Adult payments 66% of *at-risk-of-poverty* line
- Child payments 30% of *at-risk-of-poverty* line
- Below Reference budget rates
- Poverty Rates, 2008 to 2012
 - At risk of poverty rates have risen slightly
 - ‘deprivation rates’ doubled
 - Deprivation (inability to afford basic goods/services)
 - A quarter of population
 - A third of children
 - 15% of those at work



Reference Budgets

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

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



Public debate

- Demonisation of those out of work
 - ‘**compulsion**’ is popular
- Attacks on Lone Parents and migrants
- Discussion of needs, not rights



Obstacles

- Contingency and complexity of schemes,
- the degree of discretion
 - Leads to perception of lack of rights
- Low tax low spend strategies
- Administrative suspicion of claimants
- Political attacks on claimants



Steps to an adequate minimum income scheme

- **Agree principles for an effective Minimum Income System**
- **Agreeing a definition of adequacy**
- **Build Political and Social Consensus**
- **Fund a comprehensive Minimum Income System**
- **Administrative reforms**



Principles

- **Simplicity**
- **Transparency**
- **Fairness**

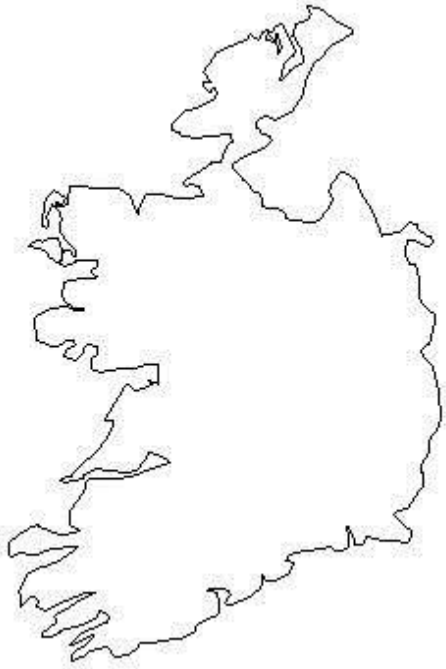


Requirements

- **Integrated policy objectives**
- **One basic scheme, with tailored conditionality for those dependent on caring circumstances or disability**
- **Focus on child well-being, not family status of parent(s)**
- **Avoid means testing**
- **Move towards universal payments funded by progressive taxation**
- **Ease of access(geographical)**
- **Effective communication of this new culture through the entire Department and Government**



Minimum Wages in Ireland



- **Joint Labour Committees from 1946**
 - Agreeing minimum wages and conditions in selected industries
- **Statutory Minimum Wage from 2000**
 - Currently €8.65 per hour
- **Minimum Income Schemes**
 - for those out of work or outside the labour market
- **Secondary Benefits**
 - Including Family Income supplement



Joint Labour Committees, since 1946

Forerunners of the Minimum Wage

- Sectoral agreements covering some, though not all, sectors where low pay is common,
 - negotiated between trade unions and employers and given legal force through *Employment Regulation Orders*
 - Set levels of pay and regulate conditions such as holidays and rest times.

These agreements cover:

Agricultural Workers

Catering

Contract Cleaning

Hairdressing

Hotels

Law Clerks

Retail, Grocery and Allied Trades (shops)

Security Industry



Advantages of the Joint Labour Committees



- Applied to all employers and employees in the sectors
- Reached employments where the trade unions were not organised
- Provided an agreed, predictable system of wages and conditions allowing employers to plan and employees to know their rights



Disadvantages of the Joint Labour Committees

- Did not cover all low paid workers
- Pay and conditions dependent on ability of trade unions to bargain (and willingness of employers to agree)
- Complex system – not understood by many workers in the industries



The Statutory Minimum Wage



- Introduced into the law, 2000
- Followed a campaign by trade unions and discussion in 'national partnership'
- Increased to €8.65 per hour now
- €6.06 for under 18s



The National Minimum Wage

✓ Arguments for

- Clear and understandable to all – easy to publicise so hard to evade
- Covers all industries, regardless of the level of trade union membership

X Arguments Against

- Removes trade unions from direct bargaining
- Could be used to reduce wages to the minimum



Current levels

	€ per hour	adult	under 18
National Minimum Wage		8.65	6.06
Joint Labour Committees			
* Agriculture		9.33	6.52
* Retail (shops)		9.60	6.72
Average industrial wage		21.87	n.a.



Attempts to cut Minimum wage



- Minimum wage reduced from €8.65 to €7.65 in 2010
 - Government blamed EC/ECB/IMF ‘Troika’
- Joint trade union/social NGO campaign to restore this
- Commitment by the main two opposition parties to restore €8.65 in the 2011 election
- Old rate restored when they formed a Government in 2011
 - Troika agreed to this change



Current debate

Minimum Wage

- Employers want a cut – so far, no change in 3 annual budgets
- Minister for social protection wants an increase of €1 per hour (also trade unions)



Current debate (cont.)

Joint Labour Committees

- Employers want to abolish them
- Court case 2011 declares them ‘unconstitutional’
 - Contradicts the right to property in the Constitution
- Government must decide how to replace them
- The key issue: defining “competitiveness”
 - low wages and conditions or quality work?



Link to minimum Income

- Ireland currently has a ‘dual ‘ system
 - Unconditional minimum income for individuals and families – basic rate of €188 per week
 - Work/contribution-related payments
- Current policy of ‘activation’
 - Forcing people to take up poor quality work or ‘job experience’
 - Forcing people out of the welfare system
 - Reductions in ‘secondary payments’ (rent, children etc.) making it hard to take up work



Challenges to the Minimum Wage



- **Cheap Labour Schemes**
 - Internships (free work)
 - ‘training schemes’ – welfare payment plus, sometimes, a ‘top-up’ of €20 per week
- **Casual and insecure work**
 - ‘zero hours contracts’ – available for work any time
 - Short hours, losing welfare payments
- **Informal/underground economy**



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