



# **Department of Social Protection Statement of Strategy 2025-2028**

**Submission**



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## 1. Introduction

*Social Justice Ireland* welcomes the opportunity to make a submission to the Department's consultation on the Statement of strategy 2025-2028 and to make a contribution the work of the Department in promote active participation and inclusion in society through the provision of income supports, employment services and other services.

We are happy to elaborate further on any aspect of this submission.

## 2. Poverty Targets

The setting of national poverty targets has been a common occurrence over the last few decades. Unfortunately, there has been limited success in achieving these targets, especially headline targets.

The 2016 target was missed (the rate was 8.2 per cent that year) and the 2018 data indicate that 5.6 per cent of the population (about 270,000 individuals) experience both poverty and deprivation.

The Roadmap for Social Inclusion 2020-2025, published in early 2020, set its overall poverty goal using a combined measure on income poverty and deprivation known as 'consistent poverty'.

One of its aims was to reduce the number of people experiencing consistent poverty to 2 per cent or less of the total population by 2025 and to make Ireland one of the most socially inclusive States in the EU by 2025. There is no further aim of eliminating poverty. There is limited evidence to suggest that the rate will fall anywhere near 2 per cent during this year. Another missed poverty target.

This document took over two years to develop and, at the end of its term, will leave Ireland with almost exactly the same number of people in poverty and very little of substance in terms of additional supports.<sup>1</sup> The Statement of Strategy 2025-2028 should commit to updating the poverty targets contained in the next Roadmap for Social Inclusion.

The European Pillar of Social Rights Action Plan<sup>2</sup> sets a target to lift 15 million people out of poverty or social exclusion, of which at least 5 million should be children. The Action Plan states that the focus on children will contribute to break the intergenerational cycle of poverty. Member States have been asked to set their national targets using the same indicator as for the EU headline target. In the case of the poverty reduction target, this is the revised At Risk of Poverty or Social Exclusion indicator, using the 2019 rate as a baseline. The proposed approach for Ireland is:

- Ireland's contribution to the EU's headline poverty target using the Commission's suggested methodology would require a reduction in the number of people At Risk of Poverty and Social Exclusion (AROE) of 44,000 or 52,000 by 2030, or a reduction in the rate of 3-3.2 percentage points. One third of this reduction is proposed to be made up of children.
- The Roadmap for Social Inclusion contains more ambitious targets than these, which would result in a reduction in the number of people AROE of 90,000 and a 3.9 percentage point decrease in the rate to 16.7 per cent. The Roadmap also contains a more ambitious reduction in the AROE rate for children.
- It is proposed that Ireland retains its Roadmap commitments as its contribution to meeting the EU Headline target i.e. a reduction of 90,000 people AROE. In addition, it is proposed that two-thirds of this reduction will be made up of children. Both of these targets are more ambitious than suggested by the Commission and in line with existing Government commitments.

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<sup>1</sup> <https://www.socialjustice.ie/content/policy-issues/roadmap-social-inclusion-2020-2025-too-little-too-late>

<sup>2</sup> <https://employment-social-affairs.ec.europa.eu/policies-and-activities/european-pillar-social-rights-building-fairer-and-more-inclusive-european-union/european-pillar-social-rights-action-plan>

*Social Justice Ireland* has consistently proposed and advocated that the Government address the issue of establishing new subsidiary targets for vulnerable groups when setting national poverty targets. In addition to the headline target, we propose that the following sub-targets are adopted as part of Ireland's contribution to the European Pillar of Social Rights.

- Lone parents: To reduce the consistent poverty rate of lone parents to 4-6 and the at-risk-of poverty (only) rate to 10-12%.
- Jobless households: To reduce the consistent poverty rate of jobless households to 4-6% and the at-risk-of-poverty (only) rate to 10-12%.
- Social rented accommodation: To reduce the consistent poverty rate of people in social rented accommodation to 4-6% and the at-risk-of-poverty (only) rate to 10-12%.

### **3. Measure Persistent Poverty**

*Social Justice Ireland* is committed to using the best and most up-to-date data in its ongoing socio-economic analysis of Ireland. We believe that to do so is crucial to the emergence of accurate evidence-based policy formation. It also assists in establishing appropriate and justifiable targeting of state resources.

As part of the EU structure of social indicators, Ireland has agreed to produce an indicator of persistent poverty. This indicator measures the proportion of those living below the poverty line in the current year and for two of the three preceding years. It therefore identifies those who have experienced sustained exposure to poverty which is seen to harm their quality of life seriously and to increase levels of deprivation.

To date, the Irish SILC survey has not produced any detailed results and breakdowns for this measure. We regret the unavailability of this data and note that there remain some sampling and technical issues impeding its annual publication. However, we note ongoing moves by the CSO to address this issue.

*Social Justice Ireland* believes that the Department of Social Protection should use this data as the primary basis for setting poverty targets and monitoring changes in poverty status. Existing measures of relative and consistent poverty should be maintained as secondary indicators. If there are impediments to the annual production of this indicator, they should be addressed and the SILC sample augmented if required. A measure of persistent poverty is long overdue and a crucial missing piece in society's knowledge of households and individuals on low income.

### **4. Indexation of Social Welfare Rates**

*Social Justice Ireland* believes in the very important role that social welfare plays in addressing poverty. As part of the SILC results the CSO has provided an interesting insight into the role that social welfare payments play in tackling Ireland's poverty levels. It has calculated the levels of poverty before and after the payment of social welfare benefits.

The most recent CSO figures show that without the social welfare system over one-third of the Irish population (34.1 per cent) would have been living in poverty in 2023. Such an underlying poverty rate suggests a deeply unequal distribution of direct income; in 2023, welfare payments reduced the poverty rate by 23.5 percentage points to 10.6 per cent.

A lesson from past experiences of economic recovery and growth is that the weakest in our society get left behind unless welfare increases keep track with increases elsewhere in the economy.

Benchmarking minimum rates of social welfare payments to movements in average earnings is therefore an important policy priority.

Just over a decade ago Budget 2007 benchmarked the minimum social welfare rate at 30 per cent of Gross Average Industrial Earnings (GAIE). This was a key achievement and one that we correctly predicted would lead to reductions in poverty rates, complementing those already achieved and detailed earlier. Since then the CSO discontinued its Industrial Earnings and Hours Worked dataset and replaced it with a more comprehensive set of income statistics for a broader set of Irish employment sectors. A subsequent report for *Social Justice Ireland* found that 30 per cent of GAIE is equivalent to 27.5 per cent of the new average earnings data being collected by the CSO. A figure of 27.5 per cent of average earnings is therefore the appropriate benchmark for minimum social welfare payments and reflects a continuation of the previous benchmark using the current CSO earnings dataset. *Social Justice Ireland* would argue that it is, in fact, now time to look beyond 30% of GAIE / 27.5% of average weekly earnings as the benchmark and to develop a programme to move it towards a higher target (e.g. 30% of average weekly earnings) so as to bring it closer to the Minimum Essential Standard and the EU-recognised poverty line.

*Social Justice Ireland* supports the indexation of minimum social welfare payments to ensure recipients do not fall behind the rest of society. We propose the benchmark should start at 27.5 per cent of average earnings as a minimum, with a set pathway to rise over time until it reaches the Minimum Essential Budget Standard as produced by the Vincentian MESL Research Centre.

We estimate that more than 12,000 working age adults would have been raised out of poverty in 2016 had minimum social welfare payments been benchmarked at this proposed level. 28,000 would have been raised out of poverty had the benchmark been 28.5 per cent. By moving this benchmark gradually towards the Vincentian MESL Research Centre's Minimum Standard, poverty among households without children would gradually be eliminated completely.

In general, fluctuations in the poverty rates of those largely dependent on the welfare system has correlated in the past with policy moves that allowed the value of welfare payments to fall behind wage growth before eventually increasing these payments to catch up. If those dependent on social welfare are not to fall behind the rest of society at times of economic growth, the benchmarking of welfare rates to wage rates is essential.

The Statement of Strategy 2025-2028 should contain a commitment that the Department will develop a high level strategy to begin the process of indexing social welfare rates to the minimum essential budget standard, something that *Social Justice Ireland* has long been calling for. To start with social welfare rates should be benchmarked to 27.5 per cent of Average Weekly Earnings and this benchmark then comes the starting point in the development of a pathway to index core social welfare rates to the Minimum Essential Budget Standard.

## **5. Policy Priorities for the period 2025-2028**

- Acknowledge that Ireland has an on-going poverty problem.
- Adopt targets aimed at reducing poverty among particular vulnerable groups such as children, lone parents, jobless households and those in rented housing.
- Examine and support viable, alternative policy options aimed at giving priority to protecting vulnerable sectors of society.
- Carry out in-depth social impact assessments prior to implementing proposed policy initiatives that impact on the income and public services that many low income households depend on. This should include the poverty-proofing of all public policy initiatives.
- Recognise the problem of the 'working poor'. Make tax credits refundable to address the situation of households in poverty which are headed by a person with a job.

- Support the widespread adoption of the Living Wage so that low paid workers receive an adequate income and can afford a minimum, but decent, standard of living.
- Introduce a cost of disability allowance to address poverty and social exclusion of people with a disability.
- Recognise the reality of poverty among migrants and adopt policies to assist this group. In addressing this issue, expedite the replacement of direct provision with a fairer system that ensures adequate allowances are paid to asylum seekers.
- Accept that persistent poverty should be used as the primary indicator of poverty measurement and assist the CSO in allocating sufficient resources to collect this data.
- Move towards introducing a basic income system. No other approach has the capacity to ensure all members of society have sufficient income to live life with dignity.
- Acknowledge the failure to meet repeated policy targets on poverty reduction and commit sufficient resources to achieve credible new targets.

***Social Justice Ireland*** is an independent think-tank and justice advocacy organisation of that advances the lives of people and communities through providing independent social analysis and effective policy development to create a sustainable future for every member of society and for societies as a whole.



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