

Social Inclusion Forum 2011

***Income adequacy and the  
prevention of poverty***

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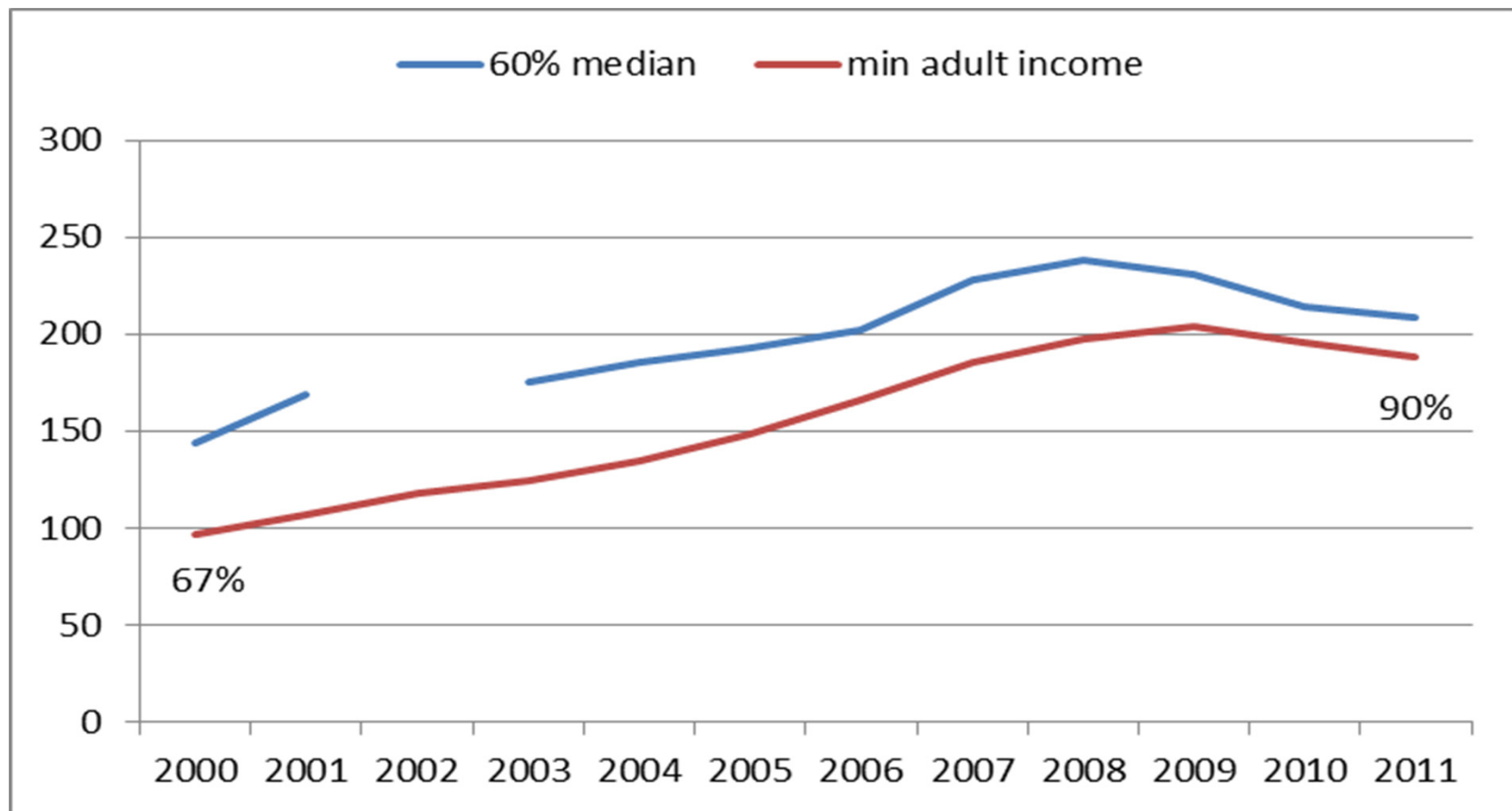
Department of Social Protection

[www.welfare.ie](http://www.welfare.ie)

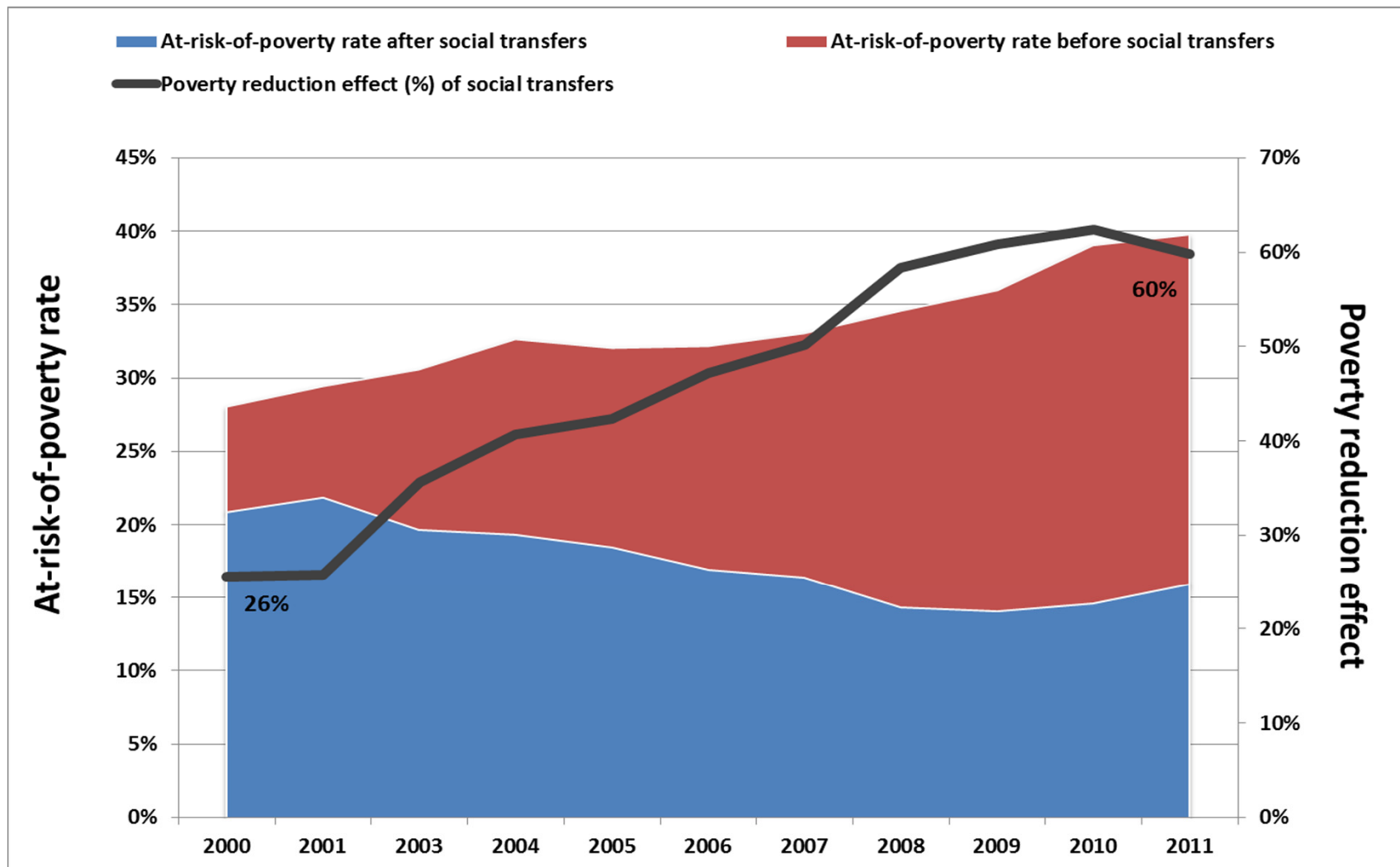
# Income adequacy & poverty policy

- Income adequacy a key theme in poverty policy:
  - Commission on Social Welfare
  - National Anti-Poverty Strategy & successors
  - EU Recommendation on minimum income
- Significant improvements in minimum welfare rates (+ 110%) and child income support (+ 120%) between 2000 and 2009 (prices/wages increased by 30-50% in this period)
- Some reversal of progress from 2010 as a result of fiscal consolidation

# One measure of progress: at-risk-of-poverty threshold Vs minimum income



# Impact of social transfers on at-risk-of-poverty

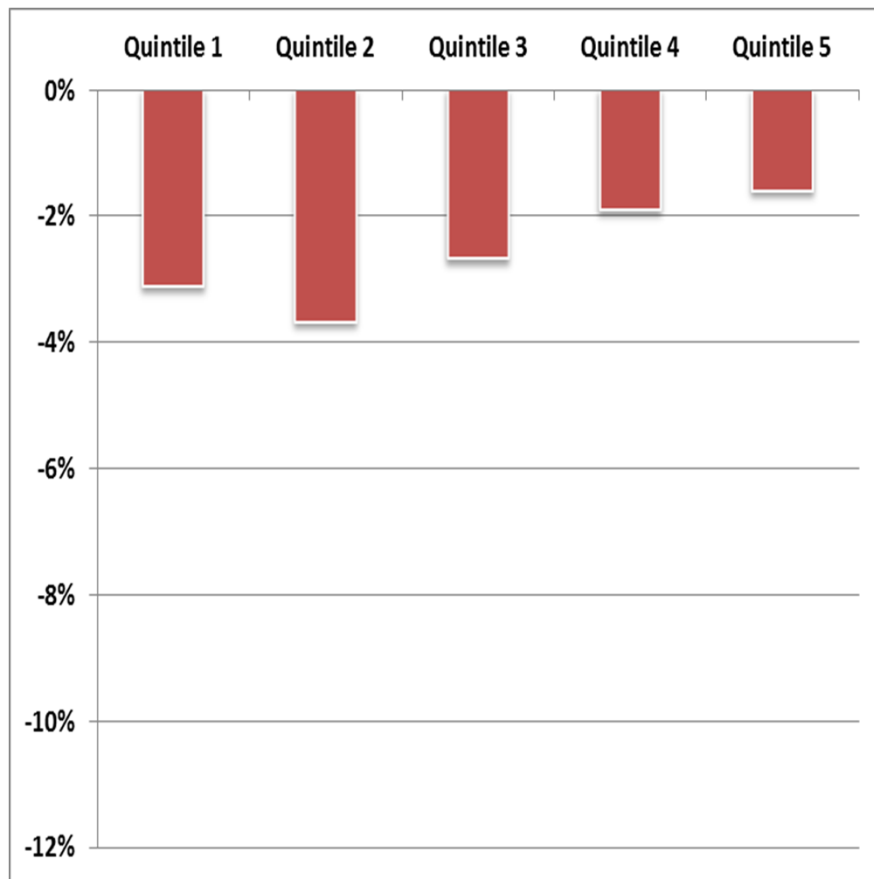


# The crisis & austerity

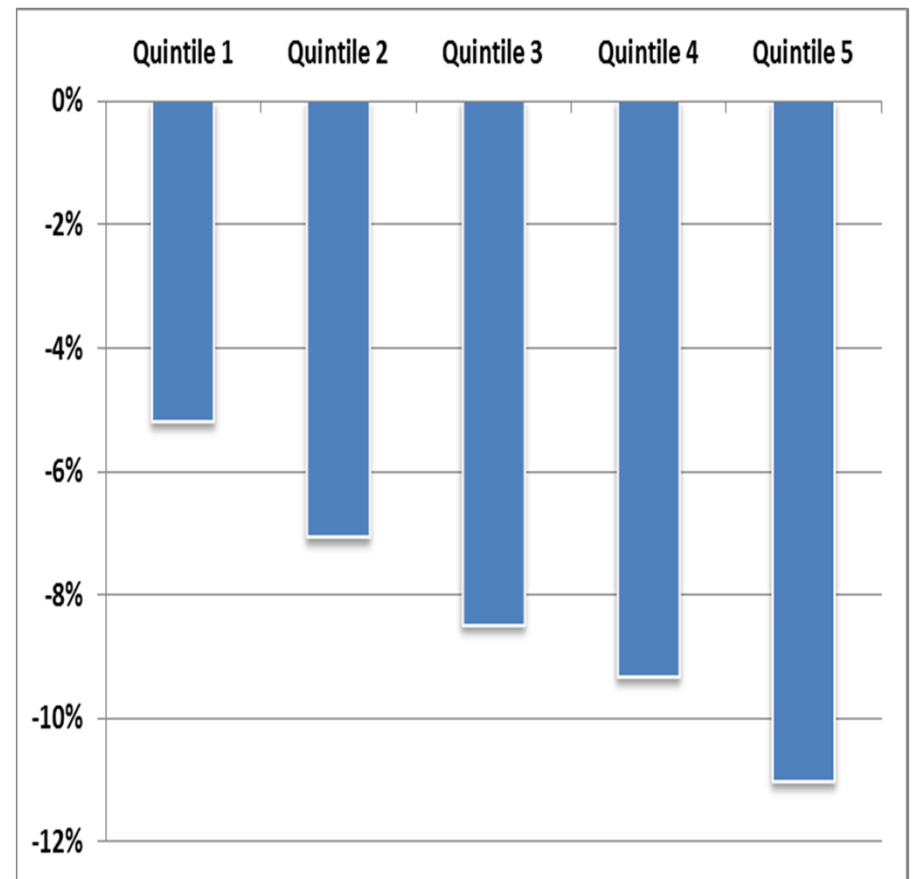
- Welfare system an automatic stabiliser in face of economic crisis:
  - increase in # of welfare recipients & beneficiaries
- Requirement for reduction in welfare budget to help address fiscal deficit (€3 billion to-date)
  - 2009-2011: rate reductions & CIS
  - 2012-13: restrictions on eligibility, secondary benefits & CIS
- Overall, welfare budget increased since 2008
  - €21 billion (+ €3b) expenditure; 40% total Govt expenditure (+9%); 17% GNP (+5.5%)

# Distributive impact of Budgets 2009 - 2013

## Welfare only

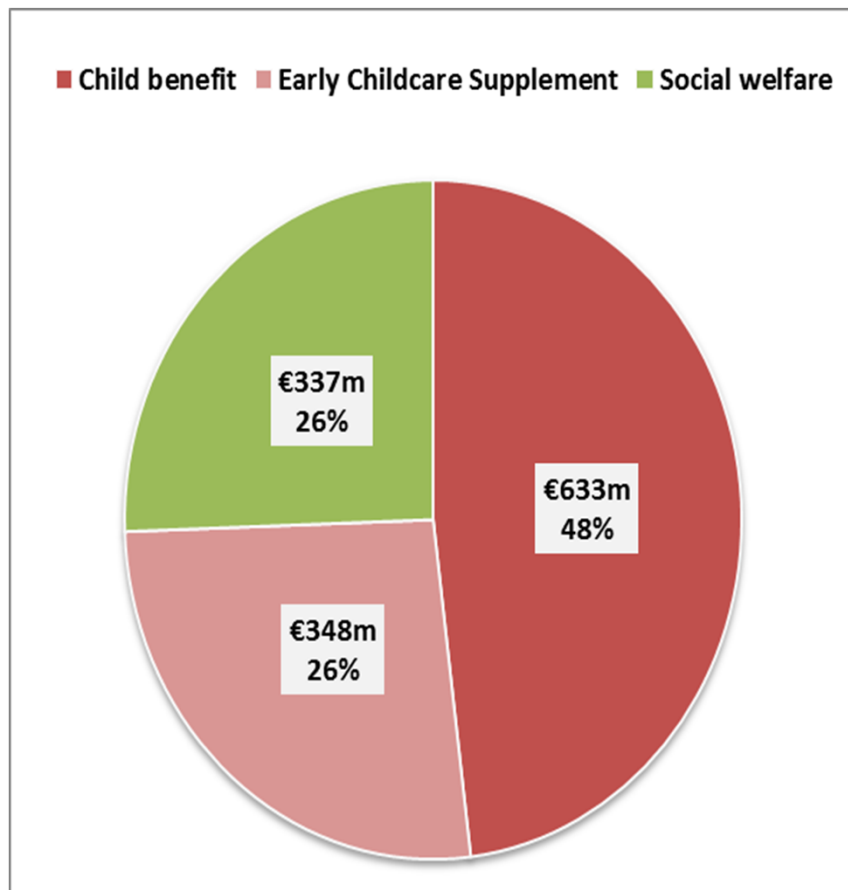


## Welfare, tax & pay

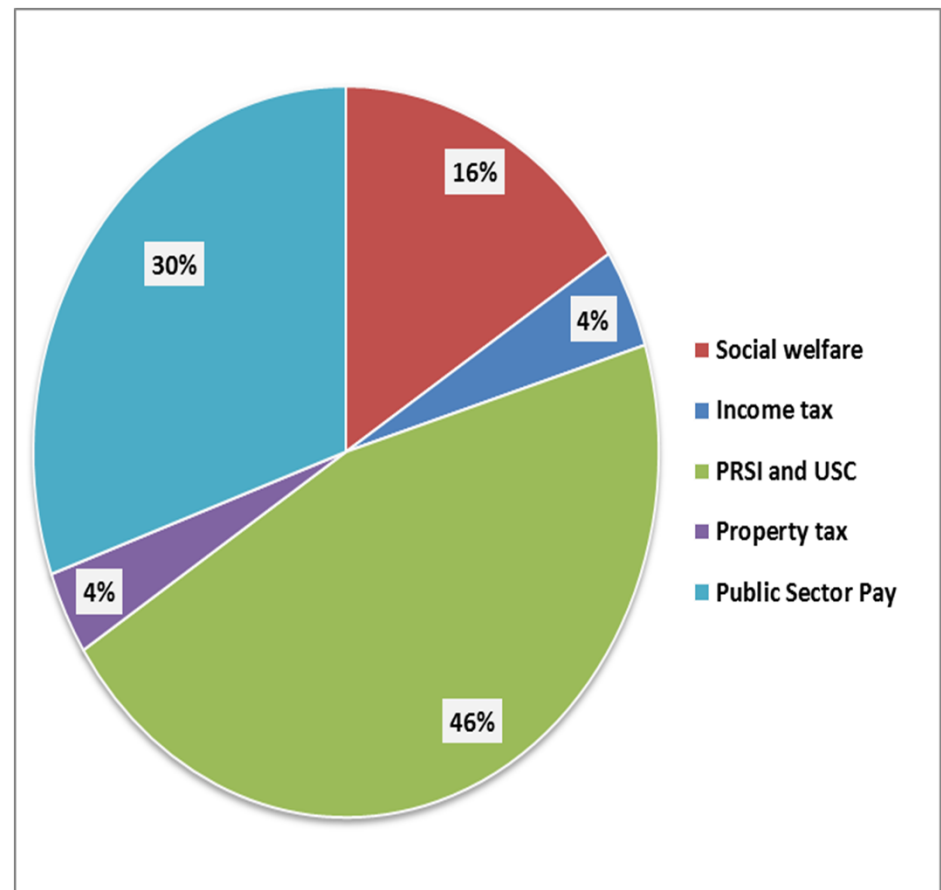


# Savings in Budgets 2009 - 2013

Welfare only (€1.3 billion)



Welfare, tax & pay (€8.1 billion)



# ‘Active inclusion strategy’

- EU concept, sees adequate income as one of 3 strands along with services and activation
- Similar to NESC ‘developmental welfare state’
- Reflected in integration of FAS & CWS and establishment of *Intreo*, an integrated employment and support service
- Rights & responsibilities approach



# Discussions points

- Income support: a victim of its own success? (for every problem, a welfare solution, so situation became worse, eg growth of jobless households)
- Is the at-risk-of-poverty indicator telling the full story about welfare adequacy (vs basic deprivation)?
- Could welfare resources be better targeted on those most in need, eg child income support, secondary benefits?
- Should there be more emphasis on 'active inclusion' strategy? (eg Budget 2013)