



Submission to the Department of Social Protection on Ireland's Contribution to EU Poverty Reduction Targets (2030)

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Rialtas na hÉireann
Government of Ireland



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Background

The European Commission DG for Employment, Social Affairs and Inclusion has proposed an EU-wide poverty reduction measure by 2030. They have also proposed targets on employment levels and on skills.

	People at risk of poverty or social exclusion (AROPE)	Adult (aged 25-64) participation in learning	Adult (20-64) employment rate
EU (actual)	92.2 million (21.1%) in 2019	37.4% in 2016	72.4% in 2020
Ireland (actual)	1.0 million (20.6%) in 2019	46% in 2016	73.4% in 2020
EU-wide target for 2030	-14.9 million (-3.5%)	60 to 60.1%	78%
Ireland target for 2030 (from EU)	-44,000 to 52,000 (-3.0% to -3.2%)	64.2 to 66%	78.2 to 78.6%
Ireland target for 2030 (<i>Roadmap for Social Inclusion</i>)	-90,000 (-3.9%)		

Age Action Response

It is welcome that the European Commission has a process that sets targets for the systematic reduction of the risk of poverty and social exclusion. However, it is regrettable that the proposals seem to assume slow, incremental change rather than a more strategic approach to changing the root causes of poverty and social exclusion.

By 2030, the European Commission expects to reduce risk of poverty and social exclusion for nearly 15 million people, but it assumes that 77.3 million people will still remain at risk of poverty and social exclusion. For many older people, this means having a precarious existence for the rest of their lives. For older workers, it means transitioning out of paid work into retirement with an insufficient level of pension coverage and deep insecurity in older age.

Ireland should of course prioritise the more ambitious national target over the minimum target allocated to Ireland by the European Commission, and it is particularly welcome that the Roadmap for Social Inclusion focused on those furthest behind (in consistent poverty), in line with Ireland's commitment to leave no one behind under the Sustainable Development Goals (SDGs). But overall it is regrettable that both the EU and Irish targets remain relatively low. Various projections of long-term economic growth estimate that Ireland's economy will continue to grow faster in real terms than the EU average, which indicates greater capacity to re-direct more of that growth towards poverty reduction.

More ambitious policies should be applied across Ireland and the EU with the aim of significantly greater levels of poverty reduction through structural changes within the labour market and structural changes to national social protection systems. For example, the following policies would all address some of the root causes of Europe's rates of risk of poverty and social exclusion:

- Abolition of mandatory retirement across the EU,
- Mandating all employers to invest in older workers (aged 50+) and to develop policies to allow their oldest workers to transition out of work, possibly via part-time roles, rather than bluntly ending contracts at a certain age,
- Benchmarking of pensions and other social transfers against the actual cost of living,
- Indexing pension increases and other social transfer increases against the cost of living and rises in average earnings,
- Introducing an evidence-based living wage policy across the EU, with each member state setting a legally-binding minimum wage equivalent to a living wage in their national context.

The focus of the *Roadmap for Social Inclusion* on reducing poverty among children and their families is welcome, but the implication of the Irish targets is that little change will be experienced by other social groups in relation to risk of poverty and social exclusion, including older persons. Rather than pitting one group against another, there is a need for more ambition overall to reduce risk of poverty across all ages, as has been achieved to a greater extent in other small open economies that are comparable to Ireland (see below).

In relation to the targets for participation in learning and employment, it is deeply regrettable that these targets demonstrate institutional ageism by stopping at age 64. Across Europe, governments are pushing for the eligibility age for state pensions to older ages, but the 2030 targets do not align with that reality. There appears to be a presumption that participation in learning or employment for the oldest workers is less important, which flatly contradicts other policies set by EU member states. For example, the Irish State Pension is only available from age 66, so targets for learning and employment should include everyone aged 65 on an equal footing.

Another important consideration for Ireland is that national policy should use the same statistics as Eurostat. As shown below, the CSO's interpretation of the same EU survey data paints a very different picture of risk of poverty in Ireland compared to Eurostat's interpretation. Given the alignment of Ireland's national *Roadmap for Social Inclusion* with the European Commission's targets, it would make much more sense for Ireland to fully adopt the same statistical method for determining the proportion of people who are at risk of poverty and social exclusion rather than having bespoke Irish risk of poverty figures that are radically different from European ones.

Risk of Poverty and Social Exclusion Among Older Persons in Ireland

Risk of Poverty

According to the CSO's interpretation of the survey on income and living conditions (SILC), 7.9% of people in Ireland aged 65 or older were at-risk-of-poverty, meaning that their income was less than 60% of median incomes.¹ However, Eurostat's interpretation of the same data (using different methods to equalise the incomes of different household types and

¹ <https://data.cso.ie/table/SIA101>

excluding certain forms of income), finds that 17% of people aged 65 or older were at-risk-of-poverty in Ireland.²

The Eurostat data can be compared across EU countries, where the EU average risk-of-poverty rate for older persons is 17.3%. Ireland had the 9th highest risk-of-poverty rate for older persons, out of 27 EU members. For small open economies with a similar population to Ireland, the rates were 10.9% (Denmark), 13.9% (Finland), 14.1% (Austria) and 15.3% (Sweden).

Ireland’s risk-of-poverty rate is skewed towards older women being more at risk of poverty (19.7%) compared to men (13.9%). A similar gender inequality can be seen in other EU countries.

Deprivation

Deprivation means being unable to afford some very basic goods and therefore going without them due to lack of means rather than lifestyle choice. In 2020, more than one in twelve (8.7%) of older persons (aged 65+) experienced deprivation, with a higher level of deprivation experience by single older persons (11.4%) and a lower level by couples (7.0%).³

The specific deprivation items affecting older persons in 2019 is shown in the following table. One in eight (12.4%) older persons report being unable to afford a meal with meat, chicken or fish every second day, one in 14 (6.9%) are unable to afford a weekly roast and one in 20 (4.9%) are unable to afford to have family or friends to their home for a meal once a month. Each one percent experiencing deprivation represents approximately 6,400 people, meaning that – for example – over 26,000 people (4.1%) went without heating at some stage in the year due to an inability to afford it.

Deprivation experienced by people aged 65+ (SILC 2019)⁴

Type of deprivation	% aged 65+
Without heating at some stage in the last year	4.1
Unable to afford a morning, afternoon or evening out in the last fortnight	1.0
Unable to afford two pairs of strong shoes	4.6
Unable to afford a roast once a week	6.9
Unable to afford a meal with meat, chicken or fish every second day	12.4
Unable to afford new (not second-hand) clothes	1.2
Unable to afford a warm waterproof coat	4.3
Unable to afford to keep the home adequately warm	3.6
Unable to afford to replace any worn out furniture	1.4
Unable to afford to have family or friends for a drink or meal once a month	4.9
Unable to afford to buy presents for family or friends at least once a year	2.7

² https://ec.europa.eu/eurostat/databrowser/view/ILC_LI02_custom_2052875/default/table?lang=en

³ <https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2020/povertyanddeprivation/>

⁴ Figures provided directly by the CSO.

While deprivation statistics for older people tend to be less severe than for working age adults or children, there is still evidence of significant material hardship experienced by people aged 65 or older. Moreover, as recognised by NESC and many other sources, older persons are much less likely to be able to do anything to increase their incomes to overcome deprivation.⁵ Those on the lowest incomes are very reliant on the State Pension and any supplements to that income through the social welfare system to allow them to afford basic goods and services. It should also be noted that access to essentials – like protein-rich meals or home heating – improve the health and wellbeing of older persons and reduce the likelihood of illness or disability, which would become a greater cost on the public finances than the provision of an adequate income in the first place.

The European statistics agency (Eurostat) publishes additional deprivation indicators, with the following findings for Ireland in 2020:

- 30.5% of single adults aged 65+ would be unable to face unexpected financial expenses, as would 19.7% of couples.⁶
- 19.9% of single persons aged 65+ report a heavy burden from debt, along with 17.6% of couples.⁷
- 13.3% of persons aged 65+ live “in a dwelling with a leaking roof, damp walls, floors or foundation, or rot in window frames or floor”⁸
- 5.8% of single persons aged 65+ cannot afford a personal car, along with 2.7% of couples.⁹
- 2.8% of single persons aged 65+ cannot afford a computer, along with 2.3% of couples.¹⁰
- 1% of single persons aged 65+ have arrears on their mortgage or rent payments, along with 0.8% of couples.¹¹
- 3% of single persons aged 65+ have arrears on utility bills, along with 1.6% of couples.¹²

The survey also asked people to rate their level of subjective economic strain, by asking them how easy or difficult they found it to make ends meet (see table).¹³

⁵ See, for example, NESC (2005) *The Developmental Welfare State*. <https://www.nesc.ie/publications/the-developmental-welfare-state/>

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https://ec.europa.eu/eurostat/databrowser/view/ILC_MDES04/default/table?lang=en&category=livcon.ilc.ilc_md.ilc_mdcs

⁷ https://ec.europa.eu/eurostat/databrowser/view/ILC_MDED05_custom_1943871/default/table?lang=en

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https://ec.europa.eu/eurostat/databrowser/view/ILC_MDHO01/default/table?lang=en&category=livcon.ilc.ilc_md.ilc_mdho

⁹ https://ec.europa.eu/eurostat/databrowser/view/ILC_MDDU05_custom_1943832/default/table?lang=en

¹⁰ https://ec.europa.eu/eurostat/databrowser/view/ILC_MDDU03_custom_1943846/default/table?lang=en

¹¹ https://ec.europa.eu/eurostat/databrowser/view/ILC_MDES06_custom_1943917/default/table?lang=en

¹² https://ec.europa.eu/eurostat/databrowser/view/ILC_MDES07_custom_1943961/default/table?lang=en

¹³ https://ec.europa.eu/eurostat/databrowser/view/ILC_MDES09_custom_1944031/default/table?lang=en

	Great difficulty	Difficulty	Some difficulty	Fairly easily	Easily	Very easily
Irish average, all ages	6.3	10.7	32.1	32.7	12.3	5.9
EU average, all ages	7.4	12.2	26.1	30.5	18.0	5.7
Single person 65+ (Ireland)	3.7	8.2	31.6	34.9	14.2	7.4
EU average for single person 65+	8.7	14.2	25.3	28.6	18.2	5.1
Couple (one or both 65+) (Ireland)	1.9	5.9	25.1	41.5	16.4	9.2
EU average for couple 65+	4.9	9.5	23.1	32.1	23.1	7.2

Overall, 43.5% of single older persons in Ireland reported some level of difficulty in making ends meet, compared to an EU average of 48.2%. For older couples, 32.9% in Ireland experienced difficulty, compared to an EU average of 37.5%.

The experience of older persons across the EU varies dramatically, with 88.4% of older couples in Bulgaria and 80.6% in Romania experiencing difficulty making ends meet, compared to 20.9% in Austria, 13.3% in Denmark, 12.6% in Finland and 6.7% in Sweden. Compared to the EU's other small open economies, far more older persons in Ireland experience difficulty making ends meet.

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