

EUROPEAN PILLAR OF SOCIAL RIGHTS

INTRODUCTION

The VPSJ welcomes this opportunity to contribute to the discussion on the development of a European Pillar of Social Rights (EPSR). This brief outline submission will highlight aspects of the VPSJ's ongoing Minimum Essential Standard of Living research which are relevant to areas of the preliminary EPSR.

Pillar of Social Rights

The development of this new pillar presents a unique opportunity to shift the political discourse at EU and national level from a primarily economic focus, to place a greater emphasis on tackling social exclusion through social and economic change by developing a strongly rights-based social policy agenda which recognises the complexity and multi-faceted needs which must be addressed for individuals and households to have an adequate standard of living across the EU.

It is stated that the pillar aims to complement existing rights, through detailing “essential principles which should become common to participating Member States”, and that the EPSR will serve as a reference against which to assess the performance of Member States regarding social and employment issues.

The European Commission document establishing a preliminary outline of the EPSR presents principles under 20 policy domains, “which are seen as essential for well-functioning and fair labour markets and welfare systems” with the aim of supporting a deeper and fairer EMU.

The outlining of the principles highlights many important points, and clearly stating these principles under 20 domains is a very useful exercise. The development of the full EPSR must ensure the recognition of the reality that many of these issues are cross-cutting and interact with one another, and as such addressing poverty and ensuring adequate living standards requires that rights be upheld across these areas.

Briefly outlined below are points from the preliminary outline of the EPSR which resonate with the Minimum Essential Standard of Living research and findings of the VPSJ.

ADEQUATE INCOME AND A DECENT STANDARD OF LIVING

- › The right to an adequate income which enables a decent standard of living is recognised in Points 8, 14 and 15, of the preliminary EPSR, with regards to minimum wage rates and social welfare payments.
 - › The VPSJ welcomes the recognition of the right to decent living standards and an income which is adequate to enable an acceptable standard of living for all.
 - › It is crucial that there is a realistic, robust and transparent measure of a ‘decent standard of living’ and the minimum income required to enable that standard.
 - › The Minimum Essential Standard of Living approach, developed in Ireland by the VPSJ and similarly developed in several other EU states, establishes robust itemised budgets of what is required for a socially acceptable standard of living.
 - › Establishing the cost of a socially acceptable standard of living opens up the space to assess the adequacy of the Social Welfare income supports and the National Minimum Wage, examining income needs and potential avenues to address income inadequacy.
 - › The establishment of this unique data has provided a new benchmark, grounded in the lived experience of people, which complements other poverty measures and can assist in the formation of support policies to tackle poverty and enhance social inclusion.
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- › In Ireland, this research has demonstrated the inadequacy of social welfare rates for many household types.
 - › The MESL research has also demonstrated the inadequacy the current minimum wage rate, and the impact of the cost of both childcare and housing on the income levels required to enable an acceptable standard of living.
 - › The Living Wage rate in Ireland is calculated by the VPSJ Minimum Essential Budget Standards Research Centre on the basis of the MESL research and MIS model.

SERVICES AND LIVING COSTS

Many of the points included in the preliminary outline of EPSR relate to the ability of people to access essentials in an adequate and affordable manner. The inability to access adequate and affordable housing, childcare, health, etc., each contribute to poverty, increase the cost of a decent standard of living, and prevent people on lower incomes from having a Minimum Essential Standard of Living.

Housing

- › Point 19, of the preliminary EPSR, recognises the right of access to social housing or housing assistance for those in need.
- › The MESL research has demonstrated that for households reliant on social welfare income is often inadequate, even when housing costs are based on social housing / housing assistance supports e.g. Rent Supplement.

- › In scenarios where social housing is not available housing costs, in the form of private market rents, can be the largest area of expenditure in a household's minimum expenditure needs.
- › Such housing costs contribute to the inadequacy of social welfare rates and minimum rates of pay.
- › This has been demonstrated in the MESL Annual Update Reports, for 2014, 2015 and 2016ⁱ.
- › Further analysis of the impact of housing costs and variation in support by housing tenure and local authority, on the income required for an MESL has been undertaken in recent VPSJ Working Papersⁱⁱ.

Childcare

- › Point 18, of the preliminary EPSR, recognises the right to quality and affordable childcare services.
- › In the context of the MESL research the high cost of adequate childcare has been repeatedly found to require households to earn salary rates notably in excess of the National Minimum Wage, to afford both childcare and an acceptable standard of living.
- › When high childcare costs are combined with the high costs of private rent, minimum rates of pay and social welfare supports such as Family Income Supplement do not provide the basis of an adequate income.
- › A detailed examination of the impact of childcare costs on the minimum earnings required for an adequate standard of living was carried out in a recent VPSJ working paperⁱⁱⁱ.
- › The analysis found that the salary rate required to afford formal childcare and all the essential elements of a socially acceptable minimum standard of living, is up to 150% of the National Minimum Wage for Two Parent household compositions, and up to 260% of the National Minimum Wage for One Parent household compositions.

Other Essential Services

The MESL research demonstrates the impact of the cost of services such as healthcare (private health insurance when not eligible for a Medical Card) private transport (e.g. for rural households which are not served by adequate public transport), and the energy costs associated with living in less efficient housing, on the cost of a socially acceptable minimum standard of living and the income needed to enable it. The preliminary EPSR document recognises the need for access to affordable essential services in these and other areas.

Food costs for a minimally adequate and nutritious diet are also a significant part of households' minimum expenditure needs^{iv}. It is notable the preliminary EPSR document does not make explicit reference to food poverty and a right to an adequate diet.

NOTES

MINIMUM ESSENTIAL STANDARD OF LIVING

A Minimum Essential Standard of Living is a standard which no one should be expected to live below. It is the minimum needed to live and partake in Irish society today, meeting the physical, psychological and social needs of individuals and households. It is a minimum standard for everyone, not just those in poverty, and identifies the cost of a dignified standard of living which allows participation in the norms of Irish life. An income below the MESL threshold means individuals & households must go without in order to make ends meet, and must forego items deemed essential for being part of Irish society.

Using the Consensual Budget Standards methodology, over the course of multiple research projects and extensive work with focus groups, detailed baskets of the goods and services vital to a household type's minimum needs have been established. These baskets are comprised of over 2,000 goods & services and define the minimum needs for households to live at a socially acceptable level. The MESL specifies the average weekly cost of all the goods and services necessary to enable a socially acceptable minimum standard of living.

The MESL data uniquely provides an evidence based benchmark against which to assess the adequacy of minimum rates of pay, and shines a light on the extent to which individuals and households can afford a standard of living which enables participation in the social and economic norms of Irish society.

Through its research the VPSJ plays an active role in trying to ensure a fairer society for all. The minimum standards data is widely used in the policy debate across government departments, in analysis by NGOs, contributes to the annual Budget process, and at a practical level it is used by organisations working directly with people such as SVP and MABS. Furthermore, the data forms the basis of the ISI's reasonable living expenses and the Living Wage calculations.

More detailed information on the MESL data and research is available through the VPSJ's Budget Standards research website, www.budgeting.ie, which provides the latest Expenditure and Income data, working and technical papers, and research reports. The VPSJ's Minimum Income Standard calculator, www.MISc.ie, may also be used to calculate the minimum income requirements of household types in specific scenarios.

ⁱ The MESL Annual Update Report presents & analyses the cost of an MESL for multiple household types in various scenarios of employment & housing tenure, assessing the adequacy of social welfare and the NMW. The annual reports are available on www.budgeting.ie

ⁱⁱ Working Papers available on www.budgeting.ie, see VPSJ (2014) *Housing Tenure and its Impact on the Cost of an MESL*, and VPSJ (2015) *The Impact of the Differential Rent System on the Cost of an MESL*.

ⁱⁱⁱ VPSJ (2015) *The Minimum Income Standard and the Cost of Childcare*, available on www.budgeting.ie

^{iv} MacMahon, B & Weld, G (2015) *The cost of a minimum essential food basket in the Republic of Ireland. Study for six household types*, available on www.budgeting.ie