



IFA Submission to the  
Joint Oireachtas Committee on Social Protection, Community  
and Rural Development and the Islands on Pre-Legislative  
Scrutiny of the Social Welfare (Amendment) Bill 2023

9<sup>th</sup> October 2023

## **Introduction**

The Irish Farmers' Association is Ireland's largest farming organisation with approximately 71,000 members in 940 branches nationwide. IFA welcome the opportunity to make a submission to the Joint Oireachtas Committee on Social Protection, Community and Rural Development and the Islands on Pre-Legislative Scrutiny of the Social Welfare (Amendment) Bill 2023.

Ensuring the sustainability of the state pension is essential to provide financial security to retirees while managing the long-term financial health of the system. As populations age and demographics change, it is important to take steps to adapt and strengthen these systems.

## **Supporting Farmers:**

The following are the areas IFA believe can be further improved either within the forthcoming Bill, or in the general operation of the system:

### **Rate of Class S PRSI:**

In most cases, farmers between the ages of 16 and 66 years of age with earnings of €5,000 or more per annum are liable for Class S PRSI (introduced in 1988), at a rate of 4% of taxable income (subject to no upper limit) or €500, whichever is the greater. The minimum threshold regarding income to qualify to pay PRSI was increased from €3,174 to €5,000 in 2016. This had an effect on excluding some people from paying PRSI via their tax returns if their income was below that range and as a consequence affected their pension rate at the age of 66, if they were not advised to pay voluntary contributions.

A substantial number of farmers are in receipt of Farm Assist, and their farming incomes may not exceed €5,000. Therefore, farmers must be making voluntary contributions to keep their records up to date. For people making voluntary contributions, it is important that the minimum amount required to pay remains at €500 and not increased beyond this level. Farmers in receipt of farm assist pre-2007, were precluded from paying self-employed social insurance contributions. Jobseekers allowance, subject to certain rules, entitles a person to social insurance (SI) credits. Similar to Jobseekers Allowance, Farm Assist should also be treated as a qualifying payment for social insurance contributions.

The main groups now approaching pension age who will not have an entitlement to contributory pensions are small farmers and fishers who were in receipt of farm assist or fish assist payments. The means test rules for this group of people, is very severe and unfair. The means test for the State Pension Non-Contributory should be revised with higher thresholds of income allowed before a reduced payment is made along with a reform of the means of assessing capital. The exemption for earned employed income by persons in receipt of a non-contributory pension should also be extended to self-employed income.

- It has been reported that existing PRSI rates for the self-employed (including farmers) are low by EU comparison, with suggestions made to progressively increase the rate (& voluntary minimum contribution) to greater match that payable by employers. Given the typically low levels of profitability on-farm, as demonstrated elsewhere, any potential increase would only add increased financial pressure on farm families, hinder entrepreneurial activity/innovation, and should be resisted.

- Recognition must be afforded to the divergence in terms of SME composition (scale & type) in Ireland relative to our EU counterparts, but also to the fact that relative to employers, Class S contributions only cover a limited number of payments – i.e., they fail to include any short-term payments including illness and disability payments.
- Rather than trying to derive higher contributions from those already contributing, a more equitable approach in the more immediate term may be to increase the contributions through increased employment and increased self-employment as demonstrated in pre-Covid era where an increasing surplus contribution trend was evident - €454m (2016); €731m (2017); €1,134m (2018) and €1,569m (2019) or consider charging a reduced rate for people attaining the age of 66 as currently you don't pay PRSI after attaining the age of 66.

### **Conclusion**

IFA would like to thank the Committee for providing us the opportunity to set forwards its views on Pre-Legislative Scrutiny of the Social Welfare (Amendment) Bill 2023. We trust that these comments are useful. IFA is available to discuss any aspect of this submission, please contact Elaine Farrell, IFA Director of Governance & Oireachtas Engagement. E: [elainefarrell@ifa.ie](mailto:elainefarrell@ifa.ie); M: 086 2209699

Ends.