

Study Tour Report

Peasant Social Security System in Poland &Ireland

According to the foreign affair plan made by EU-China Social Security Reform Co-operation Project and MoHRSS, study tour was formed and inspected Peasant Social security system in Poland &Ireland, in order to study and learn advanced experience from foreign social security system for peasants and develop China' s system.

The leader of this study tour was Mr.Zhao Dianguo, the Director General from the Department of Peasants' social insurance, MoHRSS, thirteen tour members in all who were from relative departments and provinces.

Study tour visited Poland Labor and Social Policy Department, Poland KRUS, Poland ZUS, Ireland Family and Society Benefit Department, etc. It also paid field trip to Warsaw Peasants' social insurance Service Institute, and another general social security service institution. We had an efficient

visit with the help of project office who organized the trip well and provided good coordination. Poland's government highly values the visit also. The Vice-Director (full ministerial level) of Poland Peasants' social insurance Foundation and other relevant officials attended the talks and introduced their experience. All the study tour members reached a common understanding that they learned a lot and were inspired by their experiences.

The following are the details:

I. Poland established separate Peasants' social insurance System separated from others

Poland social insurance has three components: 1. social enterprises employees' insurance; 2. special trade employees' (e.g. judge, policeman, custom officials, firemen, and other state employee); 3. peasants' social insurance. On 20th, December 1990, a law concerning social insurance for peasants was passed, which was revised by Law 7 1998. Peasants' social insurance plan provides benefit for peasant's pension, work injury, sickness and childbirth in cash. By the end

of 2007 , a population of 1,598,197 joined the peasants' social insurance plan. A population of 1,530,234 got annuity , 1,209,996 of them got pension, 275,589 got disability annuity, 44,240 got survivor' s annuity. The distinguishing feature of Peasants' Social Insurance Plan is providing peasants occupation safety protections, health recovery benefit, e.g. to reduce vocational disease and other labor injury , to provide rehabilitation training center and health center which provided treatment for 14.3thousand peasants and 1,800 children from rural area in 2007.

(i) Coverage

In 2001, 17.9% of population has agriculture occupation. The Act issued on Oct, 13th, 1998 preplanned Poland social security system.

A separate system provides security for peasants and their families, including short-term work incapacity(sickness, childbirth, work injury, and pension old age , disability and survivor' s insurance) 。 The insurance can be compulsory or voluntary based on the size of farm and other

factors. They will enjoy same pension insurance benefits with employees, except that farmers couldn't enjoy pension if retired earlier.

Rural pension insurance includes two parts, personal insurance premiums and subsidies. The personal insurance premiums are decided by the insured's average income. The subsidies take up 25% of the basic amount.

Peasants Social Insurance Law approved on 20th, Dec, 1990, specified peasants insurance coverage, insurance payment and established benefit regulations. In general, peasants are qualified to participate the social insurance, only if they meet certain requirements. The two forms of peasants social insurance mentioned above are voluntary or duty insurance subject to their economic conditions.

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The following people must participate the social insurance: Poland citizenship, visa holder stay in Poland, temporary residency, resident permit holder, long-term residency permit (issued by EU) holder,

refugee in the region of the Republic of Poland, other EU residents. Meanwhile, they need to meet the following requirements (1) Farmland (at least 1 hectare) owners engaging in farm productions himself, or having a specific agricultural products processing industry. Or others meet the requirements from peasants' social insurance Law. (2) The spouses of the peasants must engage in farm productions, agricultural products processing or other housework related to farm productions. (3) As for peasants' family members, they must be over 16 years old, having close relationship with peasants, and help peasants on agricultural production for a long term without employment payment, residing on farm or around it.

Peasants Social Insurance Law also provides peasants' voluntary insurance, which requires peasants to meet the same requirement as the compulsory insurance applications, and owning farmland no more than one hectare. The difference between voluntary insurance and compulsory insurance lies in the voluntary one can be cancelled or applied at any time.

The unique feature of peasants' social insurance is peasants (relatives included) keep enjoying the peasants insurance though they are engaged in non-agricultural business after.

While, if the peasants want to participate the KRUS insurance, they have to meet all the KRUS requirements. The non-agricultural business mentioned above includes agricultural machine repairs and travel service, etc.

(ii) Capital source of the social insurance for peasants

The capital of social insurance for peasants is provided by peasants and Central Government budget.

94%government agricultural fund is used for peasants' pensions. Peasants insurance is paid by peasants themselves, using their fund. The insured peasants will let the social security branches supervise it. The management organization of this system is called KRUS.

From 30th Dec, 1999, peasants must pay insurance for their partners. (E.g. family member helpers). For peasants, there are specific regulations on insurance payment; the first three months payment shouldn't be lower than 60% of average month income which is ceiling rate for employee. Except this, sickness insurance and pension insurance share the same payment foundations. The first three months voluntary sickness insurance payment should be over 250% of average month income. Accidental injury insurance takes up 0.90%-3.60% of monthly average income.

Peasants need to pay following parts:

(i) peasants annuity and premium is related to their basic pension. Quarterly premium equals to 30% of basic pension, which will be used for pension, health insurance.

(ii) full payment type insurance of social insurance for peasant doesn't get government subsidies. No more than 5% of fund is used for work injury, sickness, childbirth, prevention of occupational diseases and health recovery. No more

than 9% is used for management operation.

Premium payment isn't decided by agricultural income, or the size of farmland. All the insured's premium is the same. In the third quarter of 2007, the social insurance for peasant is 251 Zloty (about 84 Zloty per month); the pension is 179 Zloty (about 60 Zloty per month). In 2007, the peasant pension income amounts to 15.9 billion. Financial subsidies take part of 92.1%, insured people paid 7.4%, and others take part of 0.5%. It maintained balance between fund's income, payment and operation cost.

(iii) Benefits of insurance

Those who have both KRUS insurance and national basic social insurance could enjoy only one pension.

Pension is decided by price index and number of years' payment including years of social insurance for peasant and national basic social insurance. According to the highest value of pension, the insured can apply for it from agriculture social

insurance foundation or national basic social insurance fund. The lowest value of pension is stipulated by government, and peasant pension is: pension index times the lowest value of national pension, which will be increased 1% per year. In 2007, peasants' pension is 725 Zloty, 14% higher than the lowest pension, and equaling to 50% of national basic pension.

In 2007, KRUS payment is 15.9 billion Zloty, taking part of 6.1% of national budget. In 2008, KRUS payment will be up to 15.8 billion Zloty, according to Budget Law.

II、 In the unified social insurance frame , Ireland implement differentiated payment policy

There was 7.1% of Ireland population engaged in agriculture. There are two principles in Ireland social insurance implementation: 1. contribution, which means the pension depends on the payment. 2. mutual help, which means premium doesn't have precise relation with the pension.

The entire premium will be reallocated and planned

as a whole. Peasants can participate the following insurance: 1.compulsary national social insurance; 2.farm relieve insurance. Sickness and childbirth insurance will apply for material benefits, pension, survivors and other family cash benefits.

(i) Differential Premium Policy

There are totally over 3 million people pay social insurance contributions; PSRI contribution could be subject to two factors: employment situations and total weekly income. PRSI contributions are deducted from employees' income weekly which leads to maximum 52 contributory weeks. Like employers, farmers whose annual income exceeding € 24960 should contribute another 2% of their income; and another 0.5% of the income should be contributed by those whose annual income exceeding € 100100. Farmers who participate the insurance of old-age, childbirth and survivors should contribute 3% of their income , besides, the minimum annul contribution must be € 253 with no regulations on maximum annul income.

In addition, farmers could also have “farm

relief” insurance although they have national social insurance. With the judgment of the economic investigation report per week, low-income farmers pay contributions. Peasants, who are aged from 18 to 66 year old and other qualified insured, may have “farm relief” insurance. Farmers who own farmland themselves, jointly own the farmland, or have lease, and consequently have crops from the land are considered “qualified” . As to those who have rent the land to other people do not have the qualification to participate “farm relief” insurance. Properties of farmers and their spouses together with their counterparts must be lower than the state criterion so as to obtain “insurance qualification” .

Lower-income farmers may receive national “farm relief” welfare. The insured should contribute certain amount subject to the personal income, to those who reach the pensionable age and thus increase their income. Their farming income and other income could be covered by gross income. To those who have children, fixed amount of their income could not be taken as part of the total

income, that is, the figure reached by 70 % will be divided by 52 and the result will be the week economic situation. The farm relief benefit should be reached by the surplus the regulated contribution rate. (The farm relief will be decided by the difference between the week income and official standards.)

(ii) Insurance benefits with mutual help

Irish social welfare takes up 53.3% of the financial budget, 46.7% of which is from social insurance fund. Social insurance fund is composed of various related social insurance. 73.3% of it is from employers' . 19.9% of it is from employees. 5.4% of it is from self-employed, and the rest 1.4% comes from investment income.

In 2007, the total insurance income reaches € 7.83 billion while its expenditure reaches € 7.25 billion and has a surplus of € 0.58 billion. Farmers' insurances are also covered by the National Pension System and could receive pension according to the prescription of common insurance system. According to the contributions, he had

contributed before retirement; the beneficiary may receive the pension when he is over 66.

National pensions are divided into 3 categories: contributory, non-contributory, and transitional pensions.

(i) Contributory pension is the payment that received by people who are 66 or above and in case they meet certain social insurance requirements. The payment could be affected by neither financial investigation nor incomes such as vocational pension. Beneficiaries could take full-time or part-time job when they begin to receive contributory pension. Contributory pension beneficiaries must 1) pay contribution before 56; 2) have paid for 260 contributory weeks to those who reach the pensionable age limit before April, 5th, 2012; as to people who reach pensionable age after April, 5th, 2012, 520 contributory weeks is required; 3) minimum pension could be gained in case the average annual contributory weeks is over 10 before 66, while 48 average annual contributory weeks for maximum pension.

(ii) Non-contributory pension is provided to those who does not have the qualification for contributory pension but meet income requirement and can get pension by economy survey. Beneficiaries may choose better payment in case they are qualified for both contributory and non-contributory pension. Non-contributory beneficiaries must 1) be 66 or above; 2) be usual resident in Ireland; 3) having personal social security number; 4) meet requirements of economic investigation

(iii) Contributory pension is provided to retirees who are qualified beneficiaries over 65. Economic investigation and occupational pensions could not affect withdraw of contributory pension. Contributory pension beneficiaries must: 1) make contribution before 55; 2) have 260 payment weeks for people who are 65 before April 5 2009; have 520 payment weeks after April 5 2009 for qualified beneficiaries; 3) before the end of tax year (at the age of 65) , have minimum pension for those who have 24 payment weeks, and maximum pension for

those who have 48 payment weeks.

The withdraw of National Pension

Average contributory weeks/year	Weekly pension (€)	
National Pension (contributory)	Over 48	223.3
	20-47	218.9
	15-19	167.5
	10-14	111.7
National Pension (transitional)	Over 48	223.3
	20-47	218.9

Non-contributory pension beneficiaries may receive the minimum € 14.5 or maximum € 212 per week according to regulations of income investigation.

III. Inspirations: Financial support is the vital element to the establishment of comprehensive rural social security

Through this study tour, we have found the fact that social security system plays an important role in building harmonious society. The following are the inspirations:

1. The starting point of our policy is to cover all rural people

At present, Polish farmers' social insurance fund brings benefit to all farmers who possess at least 1 hectare farmland; Irish Government has lowered

farmers' contribution rate within the framework of its national social security system, so that they enjoy the same benefit. At present, China's situation of having a great number of rural population and big gap between urban and rural would last for a long time. It is necessary to learn from Poland making independent farmers' social security policies which will jointly work with other insurance systems.

2. The key to establish rural pension system covering all peasants is financial support

Social security (including peasants' pension) in both Poland and Ireland is governed by the central government through central budget. Poland spends 94% of the national agriculture fund on peasants' pension. 5% to 6% of the national revenue equaling 2% of GDP is spent on it also. With large number of peasants, Poland is undertaking policy transformation. Financial support is fundamental for implementing nationwide peasants' pension policies.

3. Integrated Operation in social security departments promotes

efficiency.

National Department of Family and Social Welfare is managed by Social Security Institutions covering many people; any additional welfare including social insurance, social relief, overseas workers' welfare, retirees' (old-aged) pension, allowance for widow, widower and single-parent family, survivor's allowance, child welfare, childbirth and adoption welfare, medical care welfare, employment support and other kinds of additional welfare are paid by Nation Ministry of Family and Social Welfares. This department is only in charge of policy-making. Other department concerned will be in charge of programs purchasing service outsourcing.

IV、 Suggestion

1. Launching pilot program of new peasants' social insurance

We suggest *Guidance on Pilot Study of New Rural Pension* should be submitted to the State Council as soon as possible on the basis of pilot experiences so as to standardize the pilot program. Net year over 1/10 of all nationwide counties (including cities and districts having rural population) will

start pilot program. In 2012 (within this term), it will cover 80% counties, and the insured rate will be 60% national wide. In 2017 (next term) the insured rate will be 80%

2. Increasing financial support to new peasant Pension system.

The New peasant Pension System would combine basic old-age pension (supported by central financing) and personal account. Local financial departments should provide pension subsidies to peasants. Clearly define the responsibilities of central government and local government. As estimated, only ¥ 4.588 billion of the central budget (taking up 0.13% of the central revenue) will be spent next year.

3. Strengthening operation capacity for Peasants' pension system.

Both Poland and Ireland have comprehensive and high-efficient social insurance system to ensure the implementation of relevant policies and to protect civil rights and benefits.

After the *New peasant insurance Guidance* issued,

the managing system for land requisitioned peasants need to be set up completely in order to eliminate obstacles in the process of the policy making and implementation.