

Paper presented to the Consultation Seminar: *Progressing to a single working age payment*

11th July 2011

Introduction

Many thanks for the invitation to make a presentation at today's consultation seminar on a single payment for people of working age. Compliments to Joan Gordon and Anne Vaughan for the accessibility of the writing and the clarity of the concepts presented.

I'm Margot Doherty, from Treoir, which is a membership organisation promoting the rights of unmarried parents and their children in Ireland. We do this mainly through a National Information Service and by promoting policies to achieve equality for unmarried parents in Ireland vis-a-vis other parents.

We were invited here today to

1. present our response to the principle of a single working age payment
2. present our reaction to the findings in the report
3. suggest a possible framework for a single payment for people of working age.

1. Principle of a single working age payment.

Treoir has long been requesting the simplification of the Social Welfare system. The current system is incredibly complex – between the different categories of payments, the interaction of one payment with another, moving from one payment to another, the individual benefits of different payments not to mention secondary benefits. We are fortunate in Treoir to have an expert information officer who spends a great deal of time working out figures with callers who are contemplating a change in their circumstances.

In our pre-budget submissions for years the opening paragraph always contained a plea for a more simplified system – so yes, Treoir would fully support a fair and simplified system. But unfortunately, we don't think that this is it.

2. Findings in the report

The terms of reference for the review were:

- a) to examine and report on the desirability and feasibility of introducing a single social assistance payment arrangement for people of working age, and
- b) to explore the extent to which such a payment could facilitate people on social assistance payments to take up employment, education and training, having regard to the current economic situation and existing policy.

We all know the background – the current system is based on the contingency and breadwinner model, but the significant societal, demographic, labour market and economic changes since the initial development of social welfare make the current structure unwieldy and outdated.

OECD Economic Survey: Ireland (November 2009) showed that lone parents without work in particular have had extremely high poverty rates over time. But this is something we know already.

So – what about a single working age payment?

A model is presented in the Report, which would cover assistance payments that are made to people of working age to include those who are:

- Unemployed
- Ill
- Disabled
- Lone parents
- Widowed
- Carers
- Qualified adults of working age attached to social assistance payments.

Lessons from Gregg Review, UK tell us that routes back to work vary a lot and frequently involve addressing issues that have very little to do with job-seeking directly, such as:

- **Stabilise their own/family situation** (e.g. assessing childcare options, seeing a debt adviser about stabilising financial situation, resolving a housing situation or joining a Children's Centre);
- **Manage their health for work** (e.g. Condition Management Programmes, drug and alcohol rehabilitation, Progress to Work for

drug misusers or therapy or physiotherapy for a common health condition);

- **Improve their skills for work** (e.g. working with an adviser to consider job-seeking ideas or independent job search); and
- **Prepare for full-time employment** (e.g. through work tasters or work trials, permitted work, volunteering or preparation for self-employment and part-time work).

There are 3 comments I would like to make:

(i) The NESR report – *The Developmental Welfare State* notes that the radical development of services is the single most important route to improving social protection. The introduction of a single payment must therefore be accompanied by a fundamental development of supports and services and requires an all Government response. Failure to have services and supports in place would undermine the rights and obligations approach which underpins the concept of a single payment.

The availability of services and supports, not all of which come within the remit of the Department of Social Protection, would have to be **guaranteed**.

(ii) There would be a plethora of State and other agencies providing this support: DSP/FÁS through profiling and intervention by a case manager
D/Health & Children and HSE

D/Education & Skills

Office of the Minister for Children & Youth Affairs

Community Groups

VECs

Probation Service

The success of any proposal to introduce a single payment hinges on the achievement of a whole of Government approach.

(iii) In addition to the numbers who are currently in receipt of Jobseekers Allowance, the numbers on One Parent Family Payment, Disability Allowance and other payments would be added as unemployed thus leading to a huge increase in the numbers who would be involved in the single working age payment and requiring the supports listed above. In the current economic climate this number is being added to daily.

Treoir's response

We in Treoir agree that the best route out of poverty is work. Given that lone parents are the group most at risk of poverty in Ireland, Treoir fully supports any initiative which supports them into education, training and work – work which pays.

However, we have some questions we would like to put:

What resources are needed to provide the guaranteed services necessary to make the plan work?

What resources are necessary within all the agencies listed above to deal with the increased number of people moving into the workforce – especially those in level 3 who will have significant barriers to overcome?

Where will these resources come from in a time when GNP and GDP are reducing and unemployment rising?

How difficult will it be to get a whole government approach?

Even if all the resources required above were available, there are other barriers to overcome as illustrated in the table on page 88 of the Report:

Labour market barriers and arenas in which they are located²⁶

Personal Factors	Labour Market Factors		Economic Factors	Social Policy Factors
	Supply side	Demand Side		
<ul style="list-style-type: none"> Health issues Literacy difficulties Psycho-social problems Homelessness Prison records 	<ul style="list-style-type: none"> Limited information on jobs Low educational attainment Low skills levels Lack of work history Disaffected from the labour market Language difficulties 	<ul style="list-style-type: none"> Informal recruitment practices Minimum entry requirements Prejudice Lack of flexible working Lack of supports for people with disabilities/physical access 	<ul style="list-style-type: none"> No jobs Sectoral shifts Low wages Precarious employment 	<ul style="list-style-type: none"> Anomalies in social welfare Welfare traps Participation costs Childcare & other social care Transport

There are two factors in the table above that I would like to draw attention to - “no jobs” and “childcare”. What is the sense in putting an extremely expensive single working age payment plan into action when there are no jobs? There is a specific issue for lone parents, which is childcare. While of course childcare can be an issue for two-parent families, it is especially critical for lone parents. Without free, or very low cost, quality childcare, there can be no work.

Even if we overcame the resource issues, all government agencies are working happily together, jobs were plentiful and childcare was free or very low cost, we cannot support a new system where lone parents would lose out. The Review examined the outcomes of introducing a single working age payment and it predicted that there would be losses in all categories at almost all income levels. The losses are greater for Carer’s Allowance, OFP, DA and Farm Assist. As mentioned above, lone parents are particularly vulnerable to poverty in the present system and they would be pushed further into poverty in the proposed system.

Treoir does not accept the argument that the lower level of payment is compensated for by the availability of increased services and supports, which in turn ensures that people of working age should not have to depend on a social welfare payment for long periods of time. One wonders what one lives on while one is waiting for the job.

There is another point I would like to raise – OFP for under 18 year olds under the proposed new system. There were 483 births to women under 18 in 2010. In the experience of the Teen Parent Support Programme our experience is that young parents are finding it extremely difficult to continue in education and can often only do so with the help of the School Completion Programme. Childcare is a big issue for them. Treoir sincerely hopes that there will be no reduction in their payments and also takes the opportunity to suggest a specific payment for mothers in second level to help keep them in education. It wouldn’t cost very much given the numbers and would be very cost effective. Of course this wouldn’t be the case if we have the free or very low cost childcare available.

The reason that the Social Welfare system has evolved to recognising different categories is that different people have different needs – lone parents are parenting alone and therefore if they want to go to work they must have childcare – a considerable expense. Hence the means test for

the OFP to enable them to work and the benefits of being able to claim Family Income Supplement and Community Employment. This is in recognition of the additional costs for lone parents working.

Treoir's vision for a more simplified system is a single payment with supplements for those with additional needs – lone parents, people with a disability etc. We are not convinced that everyone can be treated equally as suggested under the proposed system. They have different needs that require different levels of support and we are not sure that these different needs can be accommodated under the proposed system.

3. Treoir suggests that there are two major tasks which should be undertaken consecutively :

1. Simplify and rationalise the current system – have a single payment incorporating the categories mentioned, resolving the key policy issues mentioned on pages 111/112 as far as possible. Introduce supplements for those who require them – lone parents, people with disabilities etc.
2. Then address activation – The proposed or an adapted version of framework could work well or a better model might become obvious when step 1 is complete.

By then we may have moved on from our current economic crisis - resources may become available, jobs may be there to be had and work will pay.

Proposed framework in the Report:

