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**Pre-Budget 2013**

**Submission**

**to the**

**Department of Social Protection**

September 2012



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## Treoir

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Founded in 1976, Treoir is the national federation of agencies which provide services to unmarried parents and their children.

The main aim of Treoir is to promote equity for unmarried parents and their children in Ireland. Membership of Treoir is open to professional agencies providing services to unmarried parents. These agencies are a combination of statutory and non-statutory bodies, including specialist agencies, the HSE, maternity hospitals, adoption societies and self-help groups.

The following are the core principles under which Treoir operates:

- *Treoir recognises the diversity of family life in Ireland*
- *Treoir recognises that all families, including unmarried families, have the same rights to respect, care, support, protection and recognition*
- *Treoir supports and promotes the rights of all children as outlined in the United Nations Convention on the Rights of the Child*
- *Treoir believes that all children have a right to know, be loved and cared for by both parents.*

Treoir works to achieve its aim by –

- providing a National Information Service to unmarried parents, their extended families and those working with them through answering queries made by phone/email, publications, outreach workshops etc.
- co-ordinating nationally the Teen Parents Support Programme
- collaborating with other agencies to promote our aim through the federation of Treoir and agencies outside Treoir
- promoting change at every level to improve services and attitudes to unmarried parents
- promoting/undertaking research to better understand the situation of unmarried parents and their children in Ireland

## Summary of recommendations of Treoir members

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1. Simplify and rationalise the current Social Welfare system.
2. Address activation with the necessary supports.
3. Make no reductions in the level of payment of the OFP in Budget 2013.
4. Maintain the earnings disregard at its current level of €130 per week.
5. Request that the Minister for Social Protection stand by her statement that she will not implement the provision where recipients of OFP will be transferred to JA when their youngest child reaches 7 years unless a credible and bankable commitment from the Government on the delivery of a system of childcare is forthcoming.
6. Should the decision to move recipients of OFP to JA when their youngest child reaches 7 years be implemented then JA needs to be radically altered to accommodate the needs of lone parents.
7. Recipients of OFP be treated fairly and with equity with regard to other social welfare recipients.
8. Any activation for recipients of OFP (or SWAP) not be introduced unless there are significant education and training opportunities available to them.

## General

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This year, as it does every year, Treoir opens its Pre-Budget Submission with a request to simplify and rationalise the current Social Welfare system. Treoir in principle supports the introduction of a Single Working Age Payment (SWAP), an idea initiated in 2010 by the then Minister for Social Protection. The Report<sup>1</sup> on the desirability and feasibility of introducing such a payment does not go far enough in its discussions on alternatives to the present system. This needs a more radical approach. In addition the issues of availability of jobs and affordable, flexible childcare are not dealt with. The Report also ties in activation with the change to a SWAP.

### ***Recommendation***

Treoir members recommend that these two changes are introduced separately:

1. Simplify and rationalise the current system – have a single payment incorporating relevant social welfare categories, resolving as far as possible the key policy issues identified. Introduce supplements for those who require them – lone parents, people with disabilities etc.
2. Then address activation taking into account the significant needs of lone parents for affordable, flexible childcare, sufficient education and training and the availability of good, family-friendly jobs which pay an adequate wage.

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<sup>1</sup> *Report on the desirability and feasibility of introducing a single social assistance payment for people of working age*, Department of Social Protection, Dublin, 2010

## One Parent Family Payment

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### **Maintaining the level of One Parent Family Payment**

It is well documented that children in lone parent households (of whom unmarried families are a significant number) have a significantly higher than average risk of poverty and experience considerable deprivation. Lone parent households experienced the highest rate of deprivation in 2010 at 49.8%.<sup>2</sup> Twenty seven per cent of children of never-married parents experience child-specific deprivation compared to 8 per cent of children of married couples. One member agency of Treoir reported that the young mothers with whom they work viewed the amount of the payment as “barely getting them across the line” if at all. To have it reduced further would put them in a debt situation or add to their existing debt.

Treoir’s as yet unpublished report examining the Growing Up in Ireland (GUI) data on the Infant Cohort shows that in examining the equivalised household annual income quintiles, nearly 60% of unmarried solo parents were in the lowest income quintile. Nearly 50% of married parents were in the top two income quintiles. In addition the Report shows that the income for unmarried solo parents was estimated to be €21,783 less than that of married parents.

### ***Recommendation***

Treoir members strongly urge the Minister not to make any reductions in the level of payment of the OFP.

### **Reducing the earnings disregard**

In Budget 2012 the earnings disregard of €146.50 for recipients of OFP was reduced immediately to €130. Further reductions are planned to reduce the earning disregard to €60 by 2016.

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<sup>2</sup> *Survey on Income and Living Conditions (SILC) 2010*, CSO, Dublin, 2012

The higher risk of deprivation of children of never-married lone parents referred to above is no longer significant when controlled for the work status of the mother. This points to the importance of work as a means of enabling lone parents to protect their children from deprivation.

Parents require an adequate level of household resources to protect their children from poverty. The recent reductions in One Parent Family Payment (and Child Benefit) are likely to have reduced the capacity of parents to protect their children from deprivation, particularly in a context of high unemployment where the capacity to make up the difference through earnings is very limited.

The gradual withdrawal of One Parent Family Payment as the parent's earnings rise is important in this respect: it enables lone parents to improve their economic resources through earned income without completely withdrawing the security of One Parent Family Payment. The earnings disregard has already been reduced by 13 per cent in real terms between 2009 and 2012<sup>3</sup>.

The Joint Committee on Jobs, Social Protection and Education also urges the Minister to maintain the value of the existing earnings disregard stating that "social welfare reform must proceed in such a way that household incomes are not diminished as an outcome of the reform or during the process"<sup>4</sup>.

On the one hand the Minister for Social Protection wishes to increase the number of recipients of OFP who take up work and nearly 50% of those in receipt of OFP are already working. However reducing the earnings disregard is a serious disincentive for recipients of OFP to stay in or move into employment while maintaining a portion of the Payment. This will have

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<sup>3</sup> *Understanding Childhood Deprivation in Ireland*, Watson, D., Maitre, B., Whelan, C.T., Social Inclusion Report No. 2, Published by Department of Social Protection and ESRI, Dublin, 2012

<sup>4</sup> *Report on the Single Working Age Payment Proposal*, Joint Committee on Jobs, Social Protection and Education, Tithe an oireachtas, Dublin, 2012

the effect of reducing the numbers of recipients in employment as it will no longer be financially worthwhile for them to take up part-time work.

***Recommendation:***

Treoir members strongly urge the Minister for Social Protection to maintain the earnings disregard at its current level of €130 per week so that recipients of OFP can maximise their resources in order to protect their children from poverty.

**Moving recipients of OFP to Jobseekers Allowance when their youngest child is 7**

There are several difficulties with this particular policy development.

*Childcare*

Given the well-documented need for flexible, affordable, quality childcare in Ireland it was heartening to hear the Minister for Social Protection state that she would proceed with the measure to reduce the age limit of the youngest child to seven in order to qualify for OFP, only if she got “a credible and bankable commitment from the Government on the delivery of such a system of childcare by the time of this year’s budget”.

She added: “If this is not forthcoming, the measure will not proceed.”<sup>5</sup>

This statement is indeed welcome given that the as yet unpublished Treoir report on the GUI data stated that childcare difficulties made it significantly more difficult for unmarried solo parents to look for work or engage in study in comparison to married parents. Childcare difficulties also made it more likely that they had to leave study/training they were already engaged in.

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<sup>5</sup> *Irish Times*, April 19<sup>th</sup> 2012

The Free Pre-School year in the Early Childhood Care and Education (ECCE) Scheme, which was introduced in January 2010, is an important service in the development of childcare provision. As well as providing children with the benefits of early childhood education, it has the potential to form the basis of a universal, affordable, childcare scheme for pre-school children.

### *The unsuitability of Jobseekers Allowance for lone parents*

Jobseekers payments were developed for those seeking full-time employment. Jobseekers Assistance (JA) is based on the number of days worked regardless of the number of hours worked in the day. If a claimant works for 2 days s/he may apply for JA for the remaining 3 days in the week. However, for many mothers, be they married or unmarried, the preferred option is to work part-time in the mornings while the children are at school. If this option is taken up then mothers of school-going children will not be entitled to any portion of JA. Revised guidelines for JA were promised but they have yet to make their appearance. It is essential in any reform that the up-take of part-time, short-term or casual work be accommodated. Even part-time work by the mother substantially reduces the risk of child-specific deprivation and is reduced further where the mother works full-time<sup>6</sup>.

### *Equity*

In developing its thinking on progressing the Social Welfare system, the Department of Social Protection has initiated discussions on a Single Working Age Payment (SWAP). This payment would replace the multitude of existing social assistance payments in the current very complex system which has evolved over many years and in a piecemeal fashion. Such a change could move us from a contingency based system to an individualised activation-based model. While there would be considerable losses for recipients of OFP (a discussion for another day) the SWAP would be for all recipients of current social assistance payments, including current adult

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<sup>6</sup> *Understanding Childhood Deprivation in Ireland*, Watson, D., Maitre, B., Whelan, C.T., Social Inclusion Report No. 2, Published by Department of Social Protection and ESRI, Dublin, 2012



dependents. That is to say that where there are two parents in the family, both in receipt of JA (or the new SWAP payment) the second parent would not be required to seek employment until their youngest child reached 7 years. The question must be asked as to why OFP recipients, the poorest of the poor, were singled out for the introduction of this particular part of the SWAP despite the recommendation of The Joint Committee on Jobs, Social Protection and Education<sup>7</sup> not to introduce the SWAP at this time.

### ***Recommendations***

Treoir members urge the Minister for Social Protection to stand by her statement that she will not implement the provision where recipients of OFP will be transferred to JA when their youngest child reaches 7 years unless a credible and bankable commitment from the Government on the delivery of a system of childcare is forthcoming.

Treoir members recommend that should the decision to move recipients of OFP to JA when their youngest child reaches 7 years be implemented then JA needs to be radically altered to accommodate the needs of lone parents.

Treoir members recommend that recipients of OFP be treated fairly and with equity with regard to other social welfare recipients.

### **Education and training**

As stated above, work is an important route out of poverty for lone parents. However, unmarried parenthood is associated with low levels of education and training, resulting in low wages and insecure jobs. Treoir's as yet unpublished report examining the GUI data shows that nearly 60% of unmarried solo parents had only second level education compared with 21% of married parents. The study also shows that nearly 36% of unmarried solo parents did not work before they became pregnant. These statistics clearly demonstrate the need for significant education and training supports for

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<sup>7</sup> *Report on the Single Working Age Payment Proposal*, Joint Committee on Jobs, Social Protection and Education, Tithe an oireachtas, Dublin, 2012

solo unmarried parents, which must be in place before any serious activation measures are introduced.

### ***Recommendation***

Treoir members recommend that any activation for recipients of OFP (or SWAP) not be introduced unless there are significant education and training opportunities available to them.

### **Conclusion**

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Unmarried parents are among the most financially disadvantaged in Irish society today. Recent Budgets have been devastating for them and they are in a daily struggle to provide adequately for their children. We implore the government to give serious consideration to the plight of the poorest of the poor and introduce a Budget that will be fair and balanced. The Minister for Social Protection has said recently "protecting the most vulnerable in society will be extremely difficult". Yes Minister, but not impossible.

**September 2012**