



Submission

to the

Joint Oireachtas Committee on Social and Family Affairs

on

financial disincentives to cohabitation and marriage

3rd March 2010

Treoir

**The National Federation of Services
for unmarried parents and their children**

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Background to Treoir

Founded in 1975 Treoir is the national federation of services for unmarried parents and their children. Its main aim is to promote the rights and welfare of unmarried families in Ireland. Membership of Treoir is open to professional agencies providing services to unmarried parents. They are a combination of statutory and non-statutory bodies, including specialist agencies, HSE, maternity hospitals, adoption societies, 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.

Current activities of Treoir:

- * A national, confidential, comprehensive and free information service for unmarried parents and those involved with them
- * A wide range of publications
- * Outreach information workshops to parents and those working with them (particularly on shared parenting)
- * Members meetings and conferences
- * Networking with other groups
- * Policy development
- * Promoting research
- * Providing support for workers with young parents through the National Resource Centre for those Working with Young Parents
- * Co-ordinating the National Teen Parents Support Programme.

Treoir works with parents who are not married to each other irrespective of whether they live alone, cohabit with the other parent or with a step parent.

Since its inception in 1975 Treoir has been committed to the inclusion of both parents in the lives of their children as was indicated in the title chosen for the organisation at the time – Federation of Services for Unmarried **Parents** and their Children. Treoir recognised from the beginning that every child has two parents and both these parents are important to their children.

Treoir has consistently promoted shared parenting by

- Running a number of radio awareness raising campaigns, funded by the Family Support Agency, on the importance of both parents in the lives of their children
- The publication of “Family Links – Steps and Stages” positive pointers for lone parents who are helping their children to understand their family situation, funded by the Family Support Agency
- Hosting regular, high demand workshops for professionals on shared parenting, accompanied by a series of leaflets, funded by Pobal
- Proposing to undertake research on the data collected by the Growing Up in Ireland Study on non-resident fathers
- Consistently campaigning for equality of treatment of cohabiting parents by the Department of Social and Family Affairs and the Revenue Commissioners.

It is obvious therefore that Treoir is very concerned with any discussions concerning the parenting of children whose parents are not married to each other and to promote the removal of any disincentives to the fullest involvement possible of both parents in the lives of their children.

Context

Vital Statistics

Drawing on available statistics for 2008, the last year for which full year statistics are available, it is found that -

The number of all births in Ireland	75,065
The percentage of first births to unmarried parents	44%
The number of births outside marriage	24,844 (33% of all births)
The number of births outside marriage with parents registered at the same address	12,859 (52% of births outside marriage or 17% of all births)

(For the first half of 2009 these percentages rose to 57% and 19% respectively)

So therefore in 2008, nearly 12,000 births were to unmarried married women who were not cohabiting. For these births we do not know how many resulted in a claim for One-Parent Family Payment.

The ESRI study, *Family Figures: Family Dynamics and Family Types in Ireland, 1986 – 2006* shows that in 2006 cohabitation appears to be a prelude to marriage for the vast majority of parents and that marriage remains the preferred form of partnership for bringing up children.

So, all in all, the level of cohabitation is rising - the number of cohabiting families is becoming quite significant indeed – although it would appear that a significant number of cohabiting parents do go on to marry.

One-Parent Family Payment

With regard to recipients of One-Parent Family Payment (OFP) there were nearly 88,000 recipients of OFP in 2008 of which approximately 60% were unmarried

parents. This represents approximately 52,000 unmarried claimants, which we believe is a small number given that at least 12,000 births are to unmarried parents, not cohabiting, annually. However, some of these births could be second or third births to unmarried women and would therefore not result in a new claim for OFP.

The Minister for Social and Family Affairs recently revealed that only about 2,000 recipients of OFP have children whose youngest is aged 13 or over, indicating that for the majority of recipients the Payment is a relatively short term one only.

It is clear then that the increasing numbers of births outside marriage do not necessarily result in an increasing number of claims for OFP and if they do, only a small number result in long-term dependency on the Social Welfare system.

Poverty

Statistics from EU – SILC 2006 show that lone parents remain a high-risk group of consistent poverty - 27.3% of lone parent households were in consistent poverty compared to 5.3% for two-adult households with children. Yet Colm Rapple, in the paper which he prepared for this Joint Committee, indicates in his case-studies that families are financially better off living apart than living together, whether in marriage or cohabitation. So it is unclear to us where the truth lies. More research is required to analyse all the available statistics and not just those from one source.

We respectfully recommend that this Joint Committee should consider commissioning an investigation into all relevant statistics concerning unmarried parents, cohabitation, poverty to ascertain the true facts over time.

The current situation

Cohabiting parents and Income Tax

As indicated in the report prepared by Colm Rapple for this Committee the current Income Tax system favours two-income couples, married or cohabiting. Where a couple or a single parent has one income then the cohabiting couple is the most disadvantaged of these groups. Colm Rapple states that couples at the lower end of the income spectrum - on minimum wage - suffer no tax disadvantage as they do not

come into the tax net. They are also disadvantaged as they are just over the threshold for Family Income Supplement. Rapple does not make any recommendations regarding single income cohabiting parents who are above the minimum wage. But we know from calls to our National Information Centre that there are many cohabiting parents with incomes above the minimum wage who are hugely disadvantaged by the current Income Tax system.

At a minimum, therefore, we recommend that cohabiting and married parents be treated in the same way in the income tax system. In the long term we recommend the complete individualisation of the Income Tax system.

Cohabiting parents and the Social Welfare system

Where a couple is dependent on Social Welfare they are treated in the same way as a married couple. They receive 1.66 of the Social Welfare rate plus additions for dependent children. Colm Rapple's case studies show that it is financially more beneficial for parents to live apart where one or both are in receipt of a Social Welfare payment as they receive two full Social Welfare rates plus additions. In addition to receiving less money when cohabiting there is a strong reluctance among some mothers receiving OFP to give up the independence of their "book".

We support the proposals of the *Government Discussion Paper - Proposals for Supporting Lone Parents* for the introduction of a Parental Allowance for low income families in the short to medium term. This will be neutral in terms of influencing people's basic choices regarding living arrangements, ensure consistency of treatment across means tested Social Welfare schemes and remove poverty traps from the system of income support.

In the long term, however, Treoir recommends the introduction of the individualisation of the Social Welfare system.

The way forward

The recent ESRI Report on *Family Figures* states that “*while economic circumstances are often suggested to be very important in relation to family structures, many of our findings are not easily explained by them, but appear more explicable in terms of the influence of social networks, identity and norms*”. They go on to say that their findings “*suggest that the potential for policy to alter trends in family structures and types through financial incentives is limited. The growth in cohabitation has been very rapid and evenly spread across social groups, with a significant proportion of couples considering marriage only after starting a family. These changes have occurred despite the tax advantages of being married over cohabiting*”. So the potential for policy to alter trends in family structure and types through financial incentives is limited. It would seem therefore that it would be more appropriate that any changes introduced would be based on principles - of adequacy, equity, consistency and affordability as recommended in the *Report of the Working Group Examining the Treatment of Married, Cohabiting and one-parent families under the Tax and Social Welfare Codes*.

In addition Treoir is concerned that any specific small changes that would be made to the existing systems could result in possibly unforeseen inconsistencies in other areas.

Recommendations

Treoir recommends that any changed system should be based on the following –

- * The principles of adequacy, equity, consistency and affordability
- * The recognition that it is in the best interest of children for both parents to be involved in their lives as much as possible and therefore there should be no financial disincentives to cohabitation, or indeed marriage
- * Families with dependent children should be the focus of support from the Government regardless of the marital or employment status of their parents
- * The structure of the Income Tax and Social Welfare systems should move from a system based on contingency to one based on individualisation
- * There is a need to challenge the culture of dependency as well as the motivation

to fraud within the system because of inequities.

In the short term Treoir recommends -

1. that this Joint Committee commission an investigation into all relevant statistics concerning unmarried parents, cohabitation and poverty to ascertain the true facts over time.
2. that cohabitants with children should be treated in the same way as married parents with children within both the Income Tax and Social Welfare systems.

In the mid-term Treoir recommends –

1. that a Parental Allowance be introduced for low income families as recommended in the *Government Discussion Paper - Proposals for Supporting Lone Parents*.

In the long term Treoir recommends –

1. the full individualisation of the Income Tax and Social Welfare systems.

In addition, Treoir recommends that the focus of Government support should be on children. Currently support in the Income Tax system is focused on families and varies with marital, partnership and economic status. In the Social Welfare System support for children is spread across Child Benefit, Qualified Child Allowances and Family Income Supplement. We recommend that with the individualisation of the two systems that a single substantial support is made available to all children equally.

Conclusion

Two of Treoir's main principles are the recognition of the diversity of family life, and that these diverse family forms are treated equally. Specific, small changes made in one area of Social Welfare could have limited effect and could result in inequities arising in other areas as has happened in the past. We therefore recommend that this Committee grasp the nettle and propose a complete overhaul of the Income Tax and Social Welfare systems and to focus Government support on families with children.

Bibliography

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