

Pre-Budget Submission 2023

**Protecting Families
in a Time of Crisis**

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Introduction

Budget 2023 must protect vulnerable groups by way of measures that directly address uncertainty around living standards, food security, housing, childcare, and work. The aim being to explicitly work to mitigate the uneven impact of the rise in the cost of living for lone parents, and to ensure as a matter of priority that vulnerable groups in society, especially women and children are able to put food on the table, to pay their bills, and that they have access to decent housing and services. The COVID-19 pandemic brought to the fore the precariousness of life for unmarried parents and their children. A new set of challenges have now emerged with the war in Ukraine and the related and startling rise in inflation from 2.4% in 2021 to 7.3% in April 2022, and 8.2% at the start of June. This has resulted in an increase in energy prices in Ireland by 46.2% since May 2021 and this is having a substantial impact on households, many of whom were already experiencing energy poverty or deprivation.¹

The cost of food, clothing, footwear, and other essentials has increased,² and this has a disproportionate impact on the poor. For example, when it comes to energy a larger share of lower-income households' spending is on energy, particularly home heating and electricity. However as the ESRI note if the objective is to protect those most affected by rising energy prices, cutting indirect taxes on energy – like VAT, fuel duty, or the carbon tax – will not work as the gain from such cuts goes to the highest-income 40 per cent of households compared to less than a third to the lowest-income 40 per cent.³ Instead, increases to welfare payments, the fuel allowance, and even lump-sum payments like the household electricity credit are better targeted at those most affected by energy inflation.

The pandemic highlighted the importance of social transfers for lone parents and the potential of the state to proactively address poverty through far-reaching policy decisions. In Budget 2023 there needs to be a significant increase in core social welfare payments, so families headed by a lone parent are prevented from falling further into poverty. Having said this, it is important to note that poverty prevention and alleviation measures will always have limited utility without investment in the provision of decent and universal public services. This is because income alone does not tell the whole story concerning living standards and command over resources.⁴

There is now general consensus it is necessary to look more broadly at exclusion from society due to a lack of resources. This is particularly the case when it comes to housing, health, public transport, and childcare. Budget 2023 must protect vulnerable groups by way of measures that directly address

¹ The ESRI estimate that energy inflation between January 2021 and April 2022 increased the cost of households' consumption by €21.27 per week and that should prices rise by a further 25 per cent, this would increase by an average of €36.57. *Energy Poverty and Deprivation in Ireland*, ESRI, Dublin, June 2022.

² The 60% poverty line in 2021 was €15,158 per annum or €20.49 a week. SILC data for 2021

³ Ibid

⁴ *Housing and Poverty 2022*, Social Justice Ireland (January 2022), Dublin.

uncertainty around high standards, food security, housing, childcare, and work. The aim being to explicitly work to mitigate the uneven impact of the rise in the cost of living for lone parents, and to ensure as a matter of priority that vulnerable groups in society, especially women and children are able to put food on the table, to pay their bills, and that they have access to decent housing and services.

DEPARTMENT OF SOCIAL PROTECTION

In 2021 11.6% of the population in Ireland lived on incomes below the poverty line⁵; over 581,000 people. Furthermore, the CSO Survey of Income and Living Conditions (SILC) data shows that those who were renting were at greater risk of poverty (19.8%) than those who owned their own homes. Moreover, of the households that pay rent, 16.2% reported that they did not pay their rent on time on at least one occasion in the last 12 months⁶. Lone parent families 85% of whom are headed by a female are particularly at risk of living either on or below the poverty line. They are heavily dependent on the private rental sector for accommodation and are overly represented in data on people living in emergency accommodation.

Budget 2023 presents the government an opportunity to proactively address deprivation and inequality in Ireland and to ensure everyone has an adequate income, if only at a minimum level. The government can heed the recommendations in the Report of the Citizen Assembly on Gender Equality and begin to implement its recommendation on lone parents, social welfare, and investment in public services and childcare. This is important as the combination of state cash transfers, high levels of low pay, and extremely high childcare costs creates employment barriers for low-income mothers and lone parents. With many people earning little or no money from employment, this contributes to Ireland having one of the highest levels of market inequality in the developed world⁷ (Sweeney 2022)

If poverty rates are to fall during the lifetime of the 33rd Dáil, we need to see:

- an increase in core social welfare payments that addresses the dramatic rise in inflation
- investment in public housing, universal access to childcare, and key public services
- adequate payments for children,
- refundable tax credits,
- decent rates of pay for working lone parents

⁶ Ibid

⁷ *Social Justice Matters 2022*, Forasa Trade Union (2022), Dublin

Policy Solutions

Lone parents with one or more children in low paid employment, engaged in part-time work or unemployed, experience high levels of consistent poverty. The multifaceted nature of poverty and the impact of Covid19 make it imperative that allowances, payments, and benefits related to children and families are sufficient for the family composition under MESL and under constant review.

Recommendations

- The Government to commit to benchmarking core social welfare rates at 27.5 per cent of average earnings in Budget 2023.
- Increase all core social welfare payments by at least €27 a week, on 1 December 2022.
- Going forward ensure social welfare rates are increased ahead of projected inflation.
- Extend the Living Alone Allowance to lone parents in receipt of the One-Parent Family Payment (OPF).
- Increase eligibility for the fuel allowance so that lone parents in receipt of the Working Family Payment (WFP) can receive it, and extend the payment to 32 weeks.
- Adopt targets aimed at reducing child poverty in lone-parent households.
- Carry out impact assessments on policies and ensure they are gender, poverty and equality proofed.
- Implement the recommendations in the Report of the Citizen Assembly (June 2021) with regard to social welfare and lone parents.

Maintenance

Treoir welcomed the establishment of the Child Maintenance Review Group and made a submission to it in March 2021. We urge Minister Humphreys to ensure the Group publish its report immediately.

Recommendations:

- The Child Maintenance Review Group to publish its report as a matter of urgency.
- The requirement of lone parents in receipt of OPF to pursue maintenance should be abolished.

Working Family Payment

Treoir believes the support available to lone parents who are progressing to sustainable employment needs to be more appropriate to their needs. While Working Family Payment (WFP) is available to OPF recipients who work a minimum of 38 hours a fortnight, it is not payable with JST or JA. This is a consequence of the reforms of the One Family Payment. Thus, a JST recipient working 19 hours a week on the minimum wage will experience significant hardship if their employer is not able to offer them extra hours. In its current form, the WFP working hours threshold does not reflect today's working trends and an OPF recipient who can only secure 18 hours work a week, will not qualify for it.

Jobseekers Transitional Payment

Recent budgets have tried to address high levels of poverty in one parent families with recipients of One Parent Family payment/ Jobseekers Transition benefiting from an increase in the income disregard, fuel allowance and the qualified child increase. However, the fact remains that once a parent's youngest child turns 14, the parent must change to a normal jobseeker payment or working family payment, depending on their particular circumstances. This can lead to a significant drop in income, at a time, when children become more expensive, which is acknowledged by the differential qualified child increase for children over 12 years. The Back to Work Family Dividend could mitigate this loss for the first year, however, many parents already availed of this when changes to One Parent Family payment first impacted them in 2015, so they no longer qualify for it. At that stage, many parents changed payment to Family Income Supplement to avail of BTWFD and to mitigate the losses from the reduced income disregard. Even for parents who qualify for BTWFD, it is a temporary payment and there is still a significant loss of income.

Extending JST until a parent's youngest child reaches the age of 18 is a recommendation of the 2017 *Joint Oireachtas Committee Report on Lone Parents*, the implementation of which is a key commitment in the *Programme for Government*. Allowing parents who are in work or education/ training to remain on JST has many benefits. It supports them to remain in part time employment if they don't qualify for working family payment. It allows parents to complete education courses without having to be accepted on a BTEA payment and it acts as an identifier of lone parent families. Currently a lone parent on a normal jobseeker's payment cannot be traced within the system, yet we know that as a group they have unique challenges. Going forward it is important lone parents can be identified to ensure they are properly supported.

Medical Card

Treoir is calling for the One Parent Family payment and JST to be excluded for the purpose of a medical card assessment. Working Family Payment is already excluded, and this anomaly acts as a disincentive for lone parents to take up part time paid employment. The inclusion of One Parent Family Payment/ JST income under the financial assessment for a medical card acts as a barrier for lone parents to access employment.

Single Person Child Carer Credit (Department of Finance)

In January 2014, the Single Person Child Carer Credit, which is only available to the primary carer of the child, replaced the One Parent Family Tax Credit (OPFTC). The latter had been available to both parents who were not living together, since the early 1970s. Treoir's National Specialist Information Service continues to receive calls from unmarried parents who highlight the negative consequences of not being able to avail of this tax credit.

Recommendations:

- Implementation of the recommendations of the *Joint Oireachtas Committee on Social Protection Report on the Position of Lone Parents in Ireland (2017)*.
- Reinstate supports for one-parent families to address the current high rates of child poverty.
- Extend WFP to lone parents in receipt of Jobseekers Transitional Payment (JST).
- Increase eligibility for the JST until the youngest child reaches 18, so lone parents can work fulltime or part-time, receive in-work income supports, and avail of training opportunities.
- Link earning disregards and in-work income supports to increases in the Living Wage, maintaining the value of these supports year- on- year.
- Reduce the hours' requirement for the WFP for lone parents to 30 hours a fortnight.
- Extend the Single Parent Child Carer tax credit to both parents.(Department of Finance)

Back to School Clothing and Footwear Allowance

Treoir welcomes the removal of the income limits for the Back-to-School Clothing and Footwear Allowance (BTSCFA) in Budget 2022. Income limits are now based on the number of children in a family and the payment does not differentiate between households with two adults, and lone parent families.

Recommendations:

- Restore the Back-to-School Clothing and Footwear Allowance to the 2011 level of €200 for children under 12, and to €305 for children over 12. This means an increase of €40 for children under 12 and €20 for 12-year old's and over. As per Budget 2022 the rates are set to increase in September 2022 to €160 and €285, respectively.

Widowed or Surviving Civil Partner Grant

This is a once-off payment of €8,000 to widows, widowers or surviving civil partners who have one or more dependent children living with them. Cohabitant parents do not qualify for this payment.

Recommendation

- Extend the eligibility of the Widowed or Surviving Civil Partner Grant to cohabitants who have one or more dependent children living with them.

It is imperative emergency measures introduced during the pandemic are reintroduced and that there is an immediate six month ban on evictions. Rents are now prohibitively high with the result that lone parent headed households have to top up their HAP payment to make up the shortfall. Across the country insufficient HAP levels coupled with a chronic lack of vacant properties means living in rented accommodation is extremely stressful for families. In most mainland European countries, housing, and access to it is considered a basic human right. Ireland needs a major public housing programme and a functional rental system. As a society we must move from a culture where housing is commodified and treated as a form of investment, to one where the right to a home is enshrined in the Constitution.

Recommendations

- The allocation of HAP at local government level means the system is highly localised and subject to anomalies. Treoir is calling for an urgent review of HAP and an increase in rates, so they are reflective of market values.
- As per the *Housing for All Strategy*, Treoir is calling on the government to honour its commitment on the delivery of public and affordable housing.
- Treoir is calling on the Government to ensure tenants have security of tenure; to extend the ban on rent increases; and to introduce an immediate ban on evictions for six months.
- An emergency fund to assist lone parents with rent arrears as per the recommendation from The National Economic and Social Council (NESC), should also be introduced.

Back to Education and SUSI

Lone parent participation in education decreased by approximately 20% between 2011 and 2016.⁸ The reasons for this trend are complex and varied, but as with accessing employment, barriers to education are significant. As with employment, the time and work needed to balance parenting with attendance at classes and study can be prohibitive. Significant financial barriers also exist, with one in five lone parents in Ireland unable to access formal education for financial reasons.⁹ Only 15% of lone parents reported having a third level qualification in the last Census and 70% were educated to level 6 or less on NFQ.¹⁰

The SUSI Grant Scheme is the main financial support scheme for people studying in Ireland. SUSI is an integral part of a system of support which lone parents need to access education, particularly at third level. The SUSI grant should be inclusive of all learners, no matter their family type. Currently, restrictions on the type of course (full time and in person) and the criteria applicants must meet are excluding a significant cohort of lone parents from accessing education. Full time courses are often not accessible to people parenting alone and the approach towards lone parents is often rigid and lacking in nuance.

The 2022 review of the SUSI grant system by INDECON economists noted a significant unmet demand for part-time learning among students, particularly among target groups under the National Plan for Equity of Access including lone parents.¹¹ Following the publication of the review, the Minister for Further and Higher Education announced that the Department would conduct an analysis of part-time courses with a

⁸ Census 2016. <http://www.cso.ie/en/census/>

⁹ *Working, Parenting, Struggling? An analysis of the employment and living conditions of one parent families in Ireland*. Society of St Vincent de Paul, 2019.

¹⁰ Ibid

¹¹ *Review of the Student Grant Scheme*, INDECON 2022, <https://www.gov.ie/en/policy-information/49e56-future-funding-in-higher-education/>

view to introducing statutory supports for part-time students.¹² To increase participation of lone parents in further education, this commitment must be progressed in Budget 2023. In addition, anomalies created by the cuts and changes to the OPF in 2014 mean that parents in receipt of Rent Supplement cannot access the same level of support as parents in social housing or HAP tenancies. The INDECON SUSI review noted these anomalies and its impact on lone parents, recommending that they are addressed through targeted measures as part of the forthcoming National Plan for Equity of Access.

Recommendations

- Make SUSI available to parents engaging in education regardless of the age of their youngest child, irrespective of their housing tenure or whether they are studying part time or full time.
- Allow under 23's who are not dependents to apply for SUSI without their parents being assessed. Currently they require documentation to prove they are estranged from their parents when they may be living independently, and they are recognised as a separate family unit by the Department of Social Protection, but not by the Department of Education.

In 2019 Treoir gave a guarded welcome to the National Childcare Scheme (NCS). Since then, some changes have been made but the NCS is still not fit for purpose. A long-standing issue is the conjunction of comparatively high levels of low pay, generous income transfers, and very high childcare costs.¹³ These combine to create financial disincentives to do paid work, creating poverty traps that magnify market inequality. This could be addressed by increasing investments in early years education and care. Ireland should gradually increase investment in early education and childcare to 1%. Public and non-profit provision should constitute the majority of care/early education places.

Recommendations

- Ireland spends just under 0.2 per cent of GDP on pre-primary education compared to an OECD average of 0.8 per cent of GDP. Treoir is calling on the government to increase investment in ECCE to meet the OECD average by 2025.
- Integrate early childhood learning and care into local schools and subsidise staff salaries.
- Extend anti-poverty after school measures aimed at low-income families indefinitely.
- Introduce additional after-school childcare in the community to support lone parents.
- Replace the National Childcare Scheme with a publicly funded model with universal access for all children.

The Labour Market

Employment and connection to or involvement in the labour market is constantly cited by government ministers as a route out of poverty. However, for this to be the case it is imperative that work pays.

¹² Minister Harris publishes landmark policy on funding higher education and reducing the cost of education for families: <https://www.gov.ie/en/press-release/11787-landmark-policy-funding-higher-education-reducing-cost-for-families>

¹³ *The Irish State Post-Pandemic*, R. Sweeney and S. Cohen, Tasc/Forsa, Dublin, 2022.

Precarious low paid employment coupled with under employment is not good for workers, and neither is it good for the state as it ends up paying millions of Euros in social transfers through Family Income Support. Considering the over concentration of lone parents in low paid, precarious, part-time employment Treoir is calling on the government to introduce the following measures:

Recommendation

- Benchmark the Living Wage and social welfare to the cost of a Minimum Essential Standard of Living so that everyone can access an adequate income.
- A right to collective bargaining for all workers.
- The rigorous implementation of the recommendations in the *Social Inclusion Strategy: A Roadmap for Social Inclusion 2020-2025*.





