



## Pre-Budget Submission to the Department of Social Protection

September 2011

The Children's Rights Alliance is a coalition of over 90 non-governmental organisations (NGOs) working to secure the rights and needs of children in Ireland, by campaigning for the full implementation of the UN Convention on the Rights of the Child. It aims to improve the lives of all children under 18, through securing the necessary changes in Ireland's laws, policies and services.

The Alliance welcomes the opportunity to submit its views to the Department of Social Protection in relation to the development of Budget 2012. We are mindful of the stringent economic context in which the Government is operating, and recognise that the Department faces extremely difficult choices this year; however, we emphasise that children's rights must be protected, regardless of Ireland's economic status.

In making her budgetary decisions, the Alliance urges the Minister to consider the impact on the one million children in Ireland. We urge her to think about the increasing numbers of children that are growing up poor in Ireland, and how she can stop that. We remind her of the thousands of families, up and down the country, whose experience of recession has left them just about hanging on. Budget 2012 cannot make things worse for these children and families. There is a moral and political obligation on this Government to protect them from the impact of further cuts in vital services and supports.

Three steps have been taken that will support the Minister in her decision-making process; they cover policy, practical and technical advice and target-setting, and are outlined below.

- **Policy direction:** *Value and Policy Review of Child Income Support and Associated Spending Measures*  
The 2010 Department of Social Protection report, *Value and Policy Review of Child Income Support and Associated Spending Measures*, makes a strong case for structural reform of child income supports. It should be the Minister's blueprint for action. The Review acknowledges the benefits of a mixed child income support strategy, made up of both universal and targeted elements. It specifically recommends the introduction of an 'integrated child income support payment', which would build on existing payment structures to move incrementally towards a single child-related payment with both universal and targeted components.<sup>1</sup>
- **Practical guidance:** *Advisory Group on Tax and Social Welfare*  
The Advisory Group on Tax and Social Welfare, established by the Minister, creates the opportunity to address the practicalities and technicalities involved in the strategic integration of the tax and social welfare systems; such integration is required to ensure that an integrated child income support payment is smoothly introduced and implemented. The Alliance has made a detailed submission to the Group on this issue.
- **Clear targets:** *Europe 2020 Strategy*  
The review of national poverty targets, announced by the Minister to ensure Ireland meets its aims under the *Europe 2020 Strategy*, creates an opportunity to genuinely address the persistent problem of child poverty through a meaningful target supported by a clear and well-resourced plan.

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<sup>1</sup> Department of Social Protection (2010) *Value and Policy Review of Child Income Support and Associated Spending Measures*, p. 291

For Budget 2012, the Alliance has three key messages for Government:

- **Be fair:** ensure children's rights are protected in Budget 2012 and consider the impact of all budgetary decisions on children.
- **Be focused:** make ending child poverty its goal, in the short and longer-term measures it introduces.
- **Be flexible:** one size does not fit all families. Build flexibility into the social welfare system so that it can support families to cope with their changing financial circumstances.

The Alliance makes the following recommendations for Budget 2012. Each recommendation is outlined in more detail in the section below.

**Budget 2012 should:**

1. Bring forward clear plans to move towards an integrated child income support payment, as outlined in the 2010 *Value and Policy Review of Child Income Support and Associated Spending Measures* report.
2. Commit to strategic integration of the tax and welfare systems to support a move towards this new system of child income supports.
3. Introduce an ambitious new target to eliminate child poverty, supported by a clear, well resourced plan.
4. Allocate funds to the new area-based poverty initiatives committed to in the Programme for Government.

Until a new integrated child income support payment is introduced, the Minister must ensure that vulnerable children are protected from poverty by:

- Maintaining the Child Benefit Payment at its current level
- Reforming the Family Income Supplement payment to better support families in work on low income
- Maintaining the Qualified Child Increase at its current level
- Protecting the Back to School Clothing and Footwear Allowance and ensuring on time payment to eligible families.

The Alliance submission is divided into two sections: the first looks at the core measures required in Budget 2012, and the second focuses on interim measures that will be necessary until core elements are implemented.

## BUDGET 2012 – Core Measures

Effective social protection requires the different strands of social welfare supports to develop in an integrated fashion. The interaction between child income supports and other policy measures (support for lone parents, adult social welfare rates, education supports, activation measures and housing supports) must be considered in relation to all budgetary measures, given that a change in one could impact on others.<sup>2</sup>

Countries with low child poverty rates rely on a range of policies: access to high quality public services for children, high employment rates, good child income supports and adequate adult social welfare payments. In Ireland, the cost of accessing community level services for children – such as childcare and health care – can be prohibitive. This, combined with inadequately targeted child income supports, means that child poverty remains stubbornly high. The following four recommendations outline concrete steps Government can take towards addressing these persistent problems, and eliminating child poverty in Ireland once and for all.

1. Bring forward clear plans to move towards **an integrated child income support payment**, as outlined in the 2010 *Value and Policy Review of Child Income Support and Associated Spending Measures* report.

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2 In particular, the implications of any reform to the One Parent Family Payment should be examined. EU SILC figures from 2008 showed that lone parent households were the household type with the highest at risk of poverty rate (36.4% for individuals in these households). They also had the highest rate of consistent poverty among household types: almost one in every five people (17.8%) in lone parent households in 2008 experienced consistent poverty. Lone parent households also recorded the highest deprivation levels of any household type with nearly one quarter (24.2%) of these households experiencing three or more of the eleven deprivation indicators.

The Department of Social Protection has undertaken a comprehensive analysis of child income support payments, and issued a series of recommendations that both serve to make payments more effective for children and families, and make the system more efficient for Government. Specifically, the key recommendation – to introduce an integrated child income support payment that builds upon existing payment structures and moves incrementally towards a single child-related payment with both universal and targeted components – must be progressed with haste. The preparatory work is done; it is now time for action.

2. Commit to **strategic integration of the tax and welfare systems** to support a move towards this new system of child income supports<sup>3</sup>

The Alliance welcomes the Minister's convening of an Advisory Group on Tax and Social Welfare and has made a submission to this group, highlighting the urgency of its work in relation to child income support payments. Currently, the social welfare system is complex, daunting and cumbersome. Fundamental reform is required to make the system flexible and accessible to individual families' needs. A first step towards this should be integration – strategic rather than structural – of the tax and welfare systems.<sup>4</sup> This would involve greater coordination between the Revenue Commissioners and the Department of Social Protection, with closer cooperation on policy, standardisation of information systems and more transfer of information between relevant agencies, but not full integration of systems and services.<sup>5</sup> Such a move would help guard against poverty and unemployment traps and would signal a genuine commitment to developing a modern system of social protection as part of a more integrated public service.<sup>6</sup>

3. Introduce an **ambitious new target to eliminate child poverty**, supported by a clear, well resourced plan

Almost 19% of children (over 205,000 or one child in every six) were at risk of poverty in 2009: a larger proportion than in any other age group. Nearly 9% of children (over 96,000 or one child in every eleven) lived in consistent poverty in 2009: this is a significant increase on 6% in 2008. The consistent child poverty rate had fallen from 11% in 2005, in parallel with increases in Child Benefit, full employment and rising wages, but this trend has reversed largely due to rising unemployment and cuts in incomes and social welfare rates. Despite an abundance of money, child poverty did not end during the boom years. Now, as the Minister plans to introduce new poverty targets to meet our aims under the Europe 2020 Strategy there is a chance to address this issue once and for all. The Alliance calls on the Minister to introduce a meaningful target to reduce child poverty and a clear plan outlining how this will be achieved.

4. Allocate funds to the new **area-based poverty initiatives** committed to in the Programme for Government.

The area-based poverty initiatives, committed to in the Programme for Government, have the potential to end the inter-generational cycle of poverty that dominates a small number of our communities. The Department of Social Protection must work with the Department of Children and Youth Affairs to champion these initiatives and ensure they are adequately resourced.

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3 See Appendix One for identified potential barriers in relation to integration of tax and welfare systems and our response to these concerns.

4 It is worth noting that there is already some overlap in the work of the Revenue Commissioners and the Department of Social Protection in relation to two existing tax credits: the One-Parent Family Tax Credit and the Home Carers' Tax Credit. See <http://www.revenue.ie/en/tax/it/credits/one-parent-family.html> and <http://www.revenue.ie/en/tax/it/credits/home-carers.html> [accessed 1 March 2010].

5 D. Clinton et al (1994), *The Commission for Social Justice: Integrating Taxes and Benefits?* London: Institute of Public Policy Research. See also M. Taylor (1998), *The Modernisation of Britain's Tax and Benefit System, Number Two: Work Incentives*, London: HM Treasury.

6 See OECD (2008), *Public Management Reviews - Ireland: Towards an Integrated Public Service*, OECD: Paris, p. 200.

Until the new integrated child income support payment is introduced children must be supported through existing payments. Given the potential delay between design of the new system and transfer to it, the Alliance calls on the Minister to ensure that children are free from poverty by:

### ***Supporting children in all families***

The Child Benefit Payment is paid to (almost) every child in Ireland and is a clear statement by the Irish State that it values all children in Ireland equally.<sup>7</sup> In difficult economic times, this payment must be maintained at its current level. To reduce, tax or means-test Child Benefit would demonstrate a failure by Government to recognise its unique value to children and families. Particularly now, in uncertain economic times, a regular, reliable payment is of critical importance to families.<sup>8</sup>

#### ***Budget 2012 should:***

- Maintain the Child Benefit payment at its current level.

### ***Protecting children in families with low incomes***

The Family Income Supplement (FIS) is designed to incentivise parents into employment; it also plays a key role in rewarding work and protecting those trying to remain in work but on very low incomes. However, take up of FIS has been lower than anticipated, and there are administrative barriers and stigma issues associated with it that have proved difficult to overcome. While FIS is not perfect, it does provide income support to about 31,000 working families,<sup>9</sup> and advances made to it in recent years are welcome. But there is still some way to go.

To be more effective, FIS requires some design changes. Families are increasingly being hit by budgetary cuts from different departments. In addition, many parents have had their working hours cut and thus may no longer qualify for FIS under the existing rules.<sup>10</sup> The FIS payment must adapt to provide such parents with the flexibility they need to stay in work. The benefits of FIS vary depending on family size. Increases in FIS thresholds for larger families over the past number of years are to be welcomed. However, 85.5% of families claiming FIS have 1 to 3 children,<sup>11</sup> yet despite this the increases in FIS thresholds for smaller families have been minimal in recent years. Finally, accessing FIS is still burdensome; it should be reformed to facilitate easier access by eligible families.

#### ***Budget 2012 should:***

- Adjust the thresholds for the Family Income Supplement (FIS) to compensate for any changes in the rate of, or eligibility criteria for, income tax or the Child Benefit payment.
- Provide more generous increases for small families on FIS, and reduce the withdrawal threshold.
- Reduce the minimum weekly hour requirement for eligibility for FIS for a set period of time in light of the reduction in working hours that many low paid workers now experience.
- Introduce the following measures to increase the take up of FIS among eligible families:
  - Introduce self assessment for claiming FIS.
  - Use the 'sign off' from the Live Register as a trigger for FIS.<sup>12</sup> For example, the Department of Social Protection could issue an information note to the person explaining how to claim FIS and detailing eligibility criteria and other relevant information on signing off from the Live Register.

7 The Child Benefit payment is not paid to those children who do not satisfy the Habitual Residency Condition.

8 See Children's Rights Alliance (2009) *Position Paper on the Child Benefit Payment*, [www.childrensrights.ie](http://www.childrensrights.ie)

9 31,300 families are estimated to receive the FIS payment in 2012. Information received by the Children's Rights Alliance from the Department of Social Protection, September 2011.

10 To qualify for FIS you must be working 19 or more hours per week in employment that is likely to last at least 3 months, looking after a child or children and earning less than a set amount (which varies according to family size – starting at €506 per week for families with one child and rising to €950 a week with five children).

11 Information received by the Children's Rights Alliance from the Department of Social Protection, September 2011.

12 As recommended by the Expert Group on Integrating Tax and Welfare, 1996.

### ***Protecting children in families dependent on Social Welfare***

The Qualified Child Increase (QCI) is a critical targeted measure for addressing child income poverty. It supports children that live in families who rely on social welfare as their only income, often due to a parent's illness or disability, or full time caring responsibilities. For these families, adult social welfare rates are the key component of household income and are, therefore, critical in reducing child poverty. The impact on children must be considered when making any changes to adult payments. Given the current uncertainty and unpredictability of the economy, the social welfare system must be able to respond to trends in patterns of employment, such as the growth in atypical employment.

#### ***Budget 2012 should:***

- Maintain the real value of the Qualified Child Increase, by adjusting the payment to compensate for any changes to the rate of, or eligibility criteria for, the Child Benefit payment or social welfare payments.
- Maintain adult social welfare payments at their current rate.
- Adjust the eligibility test for Jobseeker's Allowance to take into account irregular patterns of employment.

### ***Support families with the cost of school***

The cost of education, particularly at the beginning of the school year, can be a serious strain for families on low incomes. The UN Committee on the Rights of the Child, in its *Concluding Observations* to Ireland in 2006, voiced its concern about the "de facto" cost of education and materials in schools, which are the responsibility of parents.<sup>13</sup> The Back to School Clothing and Footwear Allowance (BSCFA) is the key mechanism through which financial assistance is granted towards the cost of school, but this payment does not suffice to meet the cost of clothing and shoes for school. A survey of parents, undertaken by Barnardos in summer 2011 found that the average cost of sending a child to junior infants is €350, fourth class in primary school is €470 and first year in secondary is €805.<sup>14</sup> These costs cannot be met by the current BSCFA, which amounts to €200 for children aged 2-11 and €305 for children aged 11 and over in school. Additionally, there is an anomaly with the payment whereby income thresholds differ between two-parent and one-parent families, making it more difficult for one-parent families – who face the greatest risk of poverty – to access the payment.<sup>15</sup>

School books are an additional and significant cost for parents each school year. Government has encouraged schools to move to book rental schemes, but has not obliged schools to do this. Distribution of the School Book Grant Scheme is still at the discretion of school principals.<sup>16</sup> This year, following a campaign by St. Vincent de Paul, publishers committed not to undertake revisions to school books within four years of publishing; this will allow siblings to pass books on to one another and makes school book rental schemes more viable.

#### ***Budget 2012 should:***

- Protect the Back to School Clothing and Footwear Allowance and ensure that additional staff are deployed to process payment in June, July and August 2012.
- Bring the income limits for BSCFA in line with those for the Family Income Supplement (FIS) and make the income limits the same for one parent and two-parent families.
- Make receipt of the School Book Grant (which is paid to all schools) conditional on introduction of a book rental scheme.

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13 United Nations Committee on the Rights of the Child (2006), *Concluding Observations: Ireland*.

14 Barnardos (2011) *School Costs Survey Results*, <http://www.barnardos.ie/assets/files/Advocacy/Barnardos%20School%20Costs%20Briefing%202011.pdf> [accessed 8 September 2011]. The survey covered the cost of uniforms, shoes, books and 'voluntary' contributions to schools.

15 This means that a couple with one child can earn €563.60 and be eligible for the payment, while the earnings threshold for a lone parent is €410.10. This trend continues as family size grows. This discrepancy was noted in the Joint Committee on Social Protection (2010) *Fourth Report, Financial Disincentives to Cohabitation and Marriage*, but no clear recommendations were made to address it.

16 The Department of Education and Skills distributed €15m to schools in 2011 to cover the School Book Grant Scheme. This breaks down to €11 per pupil in non-DEIS primary schools and €21 per pupil in DEIS primary schools; and €24 per pupil in non-DEIS second-level schools and €39 in DEIS second-level schools.

## Appendix One – Proposed Solutions for Barriers to Integration

Box One: *Identified potential barriers in relation to integration of tax and welfare systems*

<b><i>Cited Barriers to Integration</i></b>	<b><i>Our Response</i></b>
Tax and welfare systems have different objectives: the funding of Government expenditure and the relief of need.	Both are also core functions of Government and should be capable of working together in an integrated public service.
There are legal constraints which prevent the sharing of information between agencies.	These legal constraints can be overcome by including in relevant forms a section in which individuals are asked to give their written consent to allow personal information provided on the form to be shared with a named agency for a specified purpose. Hence, individuals will only be entered into assessment processes if they give written consent. The merits of complying should be explained. In addition, data protection measures should be clearly stated.
Both tax and welfare systems serve a group of 'high contact' clients. Generally benefit recipients are not tax payers, as a result the collection and delivery functions vary considerably. Culturally, different approaches are taken to dealing with each groups' needs.	Separating clients of the tax and welfare systems obscures the fundamental financial relationship between government and individuals or families over the life-cycle. People are neither 'taxpayers' nor 'claimants', but rather are both at different points in their lives. <sup>17</sup>
An integrated system would need to maintain different assessment periods for the tax and welfare parts of its work (income tax is assessed annually, benefits more frequently).	Payments that require interaction between the two systems could be structured so that they would be applied for annually and granted on the basis of income from the previous year. This is how FIS operates currently.
An integrated system would have to resolve the problem of whether tax and welfare payments are assessed for the individual or for the family/household.	Families can be invited to apply for relevant payments. All claimants would be requested to share family income as part of the application and written consent would be required.

<sup>17</sup> A similar position is suggested in NESD (2005), *The Developmental Welfare State*, NESD report no. 113, Dublin: National Economic and Social Development Office (NESDO).

## Children's Rights Alliance

*The Children's Rights Alliance is a coalition of over 90 non-governmental organisations (NGOs) working to secure the rights and needs of children in Ireland, by campaigning for the full implementation of the UN Convention on the Rights of the Child. It aims to improve the lives of all children under 18, through securing the necessary changes in Ireland's laws, policies and services.*

### **Our Membership**

The Alliance was formally established in March 1995. Our membership, from which Board Members are elected at the Alliance's AGM, consists of a diverse range of groups, including child welfare agencies and service providers; child protection groups; academics; youth organisations; family support groups; human rights organisations; disability organisations; parent representative organisations; community groups and others interested in children's rights. The Alliance's policies, projects and activities are developed through ongoing collaboration and consultation with our member organisations.

### *Our Aims*

- Bringing about a shared vision that will realise and protect children's rights in Ireland
- Securing legislative and policy changes to give meaningful effect to the UN Convention on the Rights of the Child
- Securing the effective implementation of Government policies relating to children.

### *Our Experience*

- The Alliance is recognised for its participation in the international monitoring and reporting process of the UN Convention on the Rights of the Child, including the publication of two shadow reports critically evaluating progress made by the Irish State to implement the Convention's provisions into domestic law, policies and services
- In 2006, the Alliance was the sole Irish NGO commentator reporting to the UN Committee on the Rights of the Child
- The Alliance is a designated Social Partner within the Community and Voluntary Pillar
- The Alliance has played an important role in influencing the development of several key initiatives for children, including the publication of a National Children's Strategy; the establishment of the Office for the Ombudsman for Children; and the inclusion of children's rights in the EU Charter of Fundamental Rights.

The Children's Rights Alliance is a registered charity – CHY No. 11541

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For any enquiries or to obtain additional copies of the submission, please contact:

Children's Rights Alliance  
4 Upper Mount Street  
Dublin 2

Tel: +353.1.662 9400

Fax: +353.1.662 9355

Email: [info@childrensrights.ie](mailto:info@childrensrights.ie)

Web: [www.childrensrights.ie](http://www.childrensrights.ie)