

Submission to the Department of Social Protection on the Proposed Working Family Payment

10 March 2017



The Children's Rights Alliance unites over 100 members working together to make Ireland one of the best places in the world to be a child. We change the lives of all children in Ireland by making sure that their rights are respected and protected in our laws, policies and services.

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Alcohol Action Ireland
Alliance Against Cutbacks in Education
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Assoc. for Criminal Justice Research and Development (ACJRD)
Association of Secondary Teachers Ireland (ASTI)
ATD Fourth World – Ireland Ltd
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Bedford Row Family Project
BeLonG To Youth Services
Care Leavers' Network
Catholic Guides of Ireland
Child Care Law Reporting Project
Childhood Development Initiative
Children in Hospital Ireland
COPE Galway
Cork Life Centre
Crosscare
Cybersafe
Dental Health Foundation of Ireland
Department of Occupational Science and Occupational Therapy, UCC
Disability Federation of Ireland
Down Syndrome Ireland
Dublin Rape Crisis Centre
Dun Laoghaire Refugee Project
Early Childhood Ireland
Educate Together
EPIC
EQUATE
Extern Ireland
Focus Ireland
Foróige
Future Voices Ireland
Gaelscoileanna Teo
GLEN- the LGBTI equality network
Immigrant Council of Ireland
Inclusion Ireland
Independent Hospitals Association of Ireland
Institute of Community Health Nursing
Institute of Guidance Counsellors
Irish Association for Infant Mental Health
Irish Association of Social Workers
Irish Centre for Human Rights, NUI Galway
Irish Congress of Trade Unions (ICTU)
Irish Council for Civil Liberties (ICCL)
Irish Foster Care Association
Irish Girl Guides
Irish Heart Foundation
Irish National Teachers Organisation (INTO)
Irish Penal Reform Trust
Irish Primary Principals Network

Irish Refugee Council
Irish Second Level Students' Union (ISSU)
Irish Society for the Prevention of Cruelty to Children
Irish Traveller Movement
Irish Youth Foundation (IYF)
Jack & Jill Children's Foundation
Jesuit Centre for Faith and Justice
Jigsaw
Kids' Own Publishing Partnership
Law Centre for Children and Young People
Lifestart National Office
Mental Health Reform
Migrant Rights Centre Ireland
Mounttown Neighbourhood Youth and Family Project
MyMind
National Childhood Network
National Organisation for the Treatment of Abusers (NOTA)
National Parents Council Post Primary
National Parents Council Primary
National Youth Council of Ireland
One Family
One in Four
Parentstop
Pavee Point
Peter McVerry Trust
Rape Crisis Network Ireland (RCNI)
Realt Beag
SAFE Ireland
Saoirse Housing Association
SAOL Beag Children's Centre
Scouting Ireland
School of Education UCD
Sexual Violence Centre Cork
Simon Communities of Ireland
Social Care Ireland
Society of St. Vincent de Paul
Sonas Domestic Violence Charity
Special Needs Parents Association
SpunOut.ie
St. Nicholas Montessori College
St. Nicholas Montessori Teachers' Association
St. Patrick's Mental Health Services
Step by Step Child & Family Project
Suas Educational Development
Teachers' Union of Ireland
Terenure Rugby Football Club
The Ark, A Cultural Centre for Children
The Guardian Children's Project
The Prevention and Early Intervention Network
The UNESCO Child and Family Research Centre, NUI Galway
Traveller Visibility Group Ltd
Treoir
UNICEF Ireland
youngballymun
Youth Advocate Programme Ireland (YAP)
Youth Work Ireland

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1. Introduction

The Children’s Rights Alliance welcomes the opportunity to provide initial comments on the proposed Working Family Payment currently in development. The design of the payment will be key to ensuring that it is effective in achieving its main objectives.

This submission is broad, aiming to capture Government commitments and policy frameworks that should impact on decision making on the proposed Working Family Payment; raising questions for the Interdepartmental Working Group convened by the Department of Social Protection (DSP) to consider in its deliberations on the payment; and highlighting Irish research findings that should be considered in deciding on the need for and design of a Working Family Payment.

We understand that the Working Group to develop the payment has met and that, following further analysis and discussion, it is intended that its proposals will be considered in the discussions for Budget 2018.¹ The Children’s Rights Alliance recommends that further consultation should be undertaken with the DSP on drafts proposals to develop the payment or to substantially reform income maintenance and taxation for families.

Every child has the right to an adequate standard of living.² While parents and guardians have the primary responsibility to provide for the child’s material needs, the State also has the responsibility to assist parents and guardians to alleviate poverty where needed.³ In 2016, the UN Committee on the Rights of the Child expressed its deep concern at the ‘significant increase in the number of children living in consistent poverty’ and in particular referred to single-parent households.⁴

Article 18 of the UN Convention on the Rights of the Child recognises that support for parents in the early years of a child’s life is particularly important. In interpreting this provision, the UN Committee ‘acknowledges that many parents are economically active, often in poorly paid occupations which they combine with their parental responsibilities’ so it requires the State ‘to take all appropriate measures to ensure that children of working parents have the right to benefit from childcare services, maternity protection and facilities for which they are eligible’.⁵ The UN Committee also promotes ‘an integrated approach’ which focuses on health and education supports for new parents and includes ‘interventions that impact indirectly on parents’ ability to promote the best interests of children (e.g. taxation and benefits, adequate housing, working hours)’.⁶

The call for submissions by the Department of Social Protection sets out two key principles to underpin the payment, namely:

- Make Work Pay,
- Tackling Child Poverty.

The establishment of an Interdepartmental Working Group on the Working Family Payment in October 2016 is essential to ensure a whole-of-Government approach to tackling child poverty and to ensure that the different implications that will arise from designing the new payment will be considered, including the interaction with other supports provided by different government departments. The majority of children experiencing poverty in Ireland live in jobless households.⁷

1 Minister for Social Protection, Leo Varadkar, Written Answers, Programme for Government Implementation, 28 February 2017 [9802/17].

2 UN Convention on the Rights of the Child (20 November 1989) 1577 UNTS 3 (UNCRC) Art 27.

3 *ibid.*

4 UNCRC ‘Concluding Observations: Ireland’ (2016) UN Doc CRC/C/IRL/CO/3-4 para 59.

5 UNCRC ‘General Comment No. 7 on Implementing Rights in Early Childhood’ (2006) UN Doc CRC/C/GC/7/Rev.1 para 21.

6 *ibid* para 20(a).

7 Department of Social Protection, *Who are the children living in consistent poverty?* (unpublished communication 2016) 1.

In terms of the aim to make work pay, the European Commission in its 2017 *Country Report on Ireland Including an In-Depth Review on the prevention and correction of macroeconomic imbalances*⁸ noted that the State had some success in addressing child poverty by, for example, enhancing inclusion programmes, and targeting public investment in the proposed Affordable Childcare Scheme on families with lower incomes.

2. Interaction with other National Policies and International Commitments

The Government’s commitment to introduce a Working Family Payment is contained in *A Programme for Partnership Government* under the goal to create a social economy, specifically, a ‘Just and Fair Society and a More Inclusive Prosperity.’⁹ The Programme seeks to reduce ‘poverty levels by improving the take-home pay of families on low-incomes’.

Specifically, we will work with the Oireachtas to introduce a new ‘Working Family Payment’, targeted at low-income families. Every parent working at least 15 hours per week will be guaranteed that every extra hour they work will result in more take-home pay. We will also make available further training and skills development opportunities for those in low income jobs. By increasing income disregards for lone parents through the Working Family Payment scheme we can progressively support low and middle income lone parents in work.

The commitment reoccurs in the chapter headed, Crime Prevention, Justice and Equality, where it is noted that ‘the current Family Income Supplement creates major hurdles for unemployed parents transitioning from jobseekers welfare payments into work, and also locks many parents into working fewer hours’. The proposed Working Family Payment is to address this by ‘promoting work over welfare by supplementing, on a graduated basis, the income of a household, while at the same time incentivising more hours and full-time work’.¹⁰

While one of the key aims of the Working Family Payment relates to a reduction in child poverty and it is still in the initial design stages, it is important to consider a number of existing commitments and obligations in law and policy which must form part of the deliberations around the development of the payment. The designers of the Working Family Payment must take into account existing commitments at the domestic, European and international level. These are summarised in the tables below.

2.1 National Level

Commitment / Obligation	Source
Lift at least 70,000 children out of consistent poverty, based on 2011 baseline rate.	Updated National Action Plan for Social Inclusion 2015-2017
Government policy around tackling poverty for children and families is articulated in Better Outcomes, Brighter Futures (BOBF), the national policy framework for children &	

⁸ European Commission. Council Recommendation 2016/328/ EC of 18 May 2016 ‘on the 2016 national reform programme of Ireland and delivering a Council opinion on the 2016 stability programme of Ireland’ COM (2016) 328 final, 7 ‘*Country Report on Ireland Including an In-Depth Review on the prevention and correction of macroeconomic imbalances*’ (Eur2017

⁹ Department of the Taoiseach, *A Programme for a Partnership Government* (Department of the Taoiseach, 2016) 76

¹⁰ *ibid* 104.

<p>young people 2014-2020.</p> <p>In line with this target, the Government has prioritised the implementation of a whole-of-government approach to tackling child poverty, building on the lifecycle approach in NAPinclusion and informed by the European Commission Recommendation on 'Investing in children: Breaking the cycle of disadvantage.</p> <p>A separate action plan will be developed in the context of the work programme of BOBF. Progress will be monitored and evaluated through the processes and structures set out in BOBF.</p>	
<p>Deliver on the child specific poverty target to lift over 70,000 children (aged 0-17 years) out of consistent poverty by 2020, a reduction of at least two-thirds on the 2011 level.</p>	<p><i>Better Outcomes, Brighter Futures: The National Policy Framework for Children and Young People 2014-2020.</i></p>
<p>Determine the optimal design of child and family income supports to maximise their effectiveness and efficiency in reducing child poverty, while improving employment incentives.</p>	
<p>The Public Sector Duty:</p> <p>42. (1) A public body shall, in the performance of its functions, have regard to the need to: 1. eliminate discrimination, 2. promote equality of opportunity and treatment of its staff and the persons to whom it provides services, and 3. protect the human rights of its members, staff and the persons to whom it provides services.</p>	<p>Section 42 of the Irish Human Rights and Equality Commission Act 2014</p>

2.2 European Level

Commitment / Obligation	Source
<p>Create more effective access to the benefits to which children or their families are entitled by facilitating easy take up and developing beneficiary outreach services.</p>	<p><i>EU Recommendation on Investing in Children.</i></p>
<p>Make sure that work 'pays' by identifying and tackling the specific disincentives parents face when entering, remaining or progressing in the labour market, including those related to the design and interaction of tax and benefits systems.</p>	
<p>Deliver means-tested or other targeted benefits in a way that avoids stigmatisation, differentiates between children's needs and reduces the risk of poverty traps whilst avoiding the creation of disincentives to work for second earners and single parents.</p>	

Expand and accelerate the implementation of activation policies to increase the work intensity of households and address the poverty risk of children. Pursue measures to incentivise employment by tapering the withdrawal of benefits and supplementary payments. Improve the provision of quality, affordable full-time childcare.	<i>European Commission Country Specific Recommendations for Ireland 2016</i>
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2.3 International Level

Commitment / Obligation	Source
<p>The right to social security:</p> <p>States Parties shall recognize for every child the right to benefit from social security, including social insurance, and shall take the necessary measures to achieve the full realization of this right in accordance with their national law.</p> <p>The benefits should, where appropriate, be granted, taking into account the resources and the circumstances of the child and persons having responsibility for the maintenance of the child, as well as any other consideration relevant to an application for benefits made by or on behalf of the child.</p>	Article 26 of the UN Convention on the Rights of the Child
<p>States Parties recognize the right of every child to a standard of living adequate for the child’s physical, mental, spiritual, moral and social development.</p> <p>The parent(s) or others responsible for the child have the primary responsibility to secure, within their abilities and financial capacities, the conditions of living necessary for the child’s development.</p> <p>States Parties, in accordance with national conditions and within their means, shall take appropriate measures to assist parents and others responsible for the child to implement this right and shall in case of need provide material assistance and support programmes, particularly with regard to nutrition, clothing and housing.</p>	Article 27 of the UN Convention on the Rights of the Child
Goal 1 – End Poverty in All of its Forms Everywhere	2030 Agenda for Sustainable Development (UN)

3 What does research say about poverty, welfare and employment for families?

The rationale for the need for a Family Working Payment in the *Programme for Partnership Government* provided in section 2 previously describes Family Income Supplement as disincentivising working the required hours per week, and that work does not pay for families relative to social welfare (and secondary benefits). The Alliance would like to draw the DSP and the

Working Group's attention to the findings of some recent Irish research for consideration in this regard.

- Year-on-year, the Survey on Income and Living Conditions illustrates how successful Ireland's social protection system is in reducing the experience of poverty for households and families in Ireland, thus helping Ireland meet its *Irish National Anti-Poverty Strategy* and *Better Outcomes, Brighter Futures* child poverty commitments.
- Replacement rates¹¹ are important in considering whether or not work 'pay's relative to welfare. According to Savage and Callan (2015)¹² only 17.7 per cent of lone parents have replacement rates above 70 per cent.
- More than eight out of ten of unemployed jobseekers would see their income increase by at least 40 per cent upon taking up employment. Fewer than 3 per cent of these individuals would, in the short-term, be financially better off not in work. The risk of facing weak financial incentives to work is higher for unemployed persons with a spouse and children, as the income support goal of the welfare system means that they tend to have higher welfare payments. However, even among that group, fewer than one in 15 would be financially better off not working.¹³
- The Back to Work Family Dividend (BTWFD) scheme improves the work incentives of the unemployed with children. The proportion of unemployed jobseekers with children who would be better off not working decreases from 1 in 15 to 1 in 20. The small number who would be financially better off not in work, close to five out of six still chose to work.
- This overall finding is not substantially altered when the scheme for retention of medical cards is taken into account. However, in individual cases where families make much greater than average use of a Medical Card (e.g., because of chronic illness), there may be greater impacts.¹⁴ Families whose child uses GP services regularly may place a higher valuation on the free GP care for children under six, and those with children over six-years may find their replacement rate is higher as they have yet to receive free GP care.
- There are a range of other factors that affect the decision to work, e.g., Rent Supplement. While the proportion of one-parent families in receipt of rent supplement is far lower than might be presumed (16 percent), the impact of Rent Supplement on the replacement rates for those 16 per cent of lone parents is high, especially in Dublin. The replacement rates goes above the 80 per cent threshold in 2015 for this group.¹⁵
- There is a gender dimension to low pay - pay is an important part of the replacement rate equation. Of the approximate 70,000 workers on the minimum wage, most are women (73 percent), most are aged in their 20s and 30s, and large proportions of these employees work in the services sector. Relative to employees in general, minimum wage workers are more likely to be on temporary contracts, work less than 20 hours per week,¹⁶ work part-time and be in the private sector. Overall, those on the minimum wage represent 5% of all employees, with 34,000 working full-time on the minimum wage.¹⁷

11 Replacement rates are used to measure a person's financial incentive to work. They compare a person's in-work income with out-of-work income. Given the individual nature of the decision to work there is no specific cut-off level of replacement rate that constitutes a disincentive but is considered prudent to pay particular attention to replacement rates of 70% or more (Reilly, D. *Analysis of Replacement Rates from 2010 to 2015* (2015 Irish Government Economic and Evaluation Service).

12 Savage, M., Colgan, B., Callan, T., Walsh J. R., *Making Work Pay More: Recent Initiatives, Budget Perspectives 2016* Paper (ESRI June 2015).

13 Savage, M., Colgan, B., Callan, T., Walsh J. R., *Making Work Pay More: Recent Initiatives, Budget Perspectives 2016* Paper (ESRI June 2015).

14 ibid

15 Reilly, D., *Analysis of Replacement Rates from 2010 to 2015* (2015 Irish Government Economic and Evaluation Service).

16 Below the 19 hours per week threshold to be eligible for FIS.

17 Collins, M.L. (2016) 'A Profile of Those on The Minimum Wage, NERI Working Paper 2016 No 37' (Nevin Economic Research Institute 2016) <http://www.neriinstitute.net/download/pdf/employees_on_the_minimum_wage_in_the_roi_neri_wp37.pdf> accessed 9 March 2017.

4. Interaction with other Income Supports and Fulfilling Particular Needs

When designing the payment, the Department of Social Protection should consider how the payment interacts with other supports available to low-income families. The Children's Rights Alliance has the following questions in relation to the proposed Working Family Payment.

- How will the proposed payment interact with other social welfare payments including Family Income Support, One Parent Family Payment, BTWFD and Jobseekers Transition Payment?
- If it is proposed to replace all of the current payments for low income families with one single payment, how will this be tailored for two-parent and one-parent families?
- Given the complex thinking that has already taken place in terms of designing the Affordable Childcare Scheme and considering its interaction with the social welfare system, how will the proposed Working Family Payment interact with it? Has this been fully considered?
- Given that older children between the ages of 12 and 17 years are more likely to live in poverty and the cost of providing an older child with a Minimum Essential Standard of Living (MESL) is much higher,¹⁸ will the payment be designed to ensure that a higher rate of support is paid to parents of adolescents to cover the increased costs for food, education and social inclusion?
- How will the Working Family Payment interact with the Rent Supplement scheme and the Housing Assistance Payment?

Reviews are underway on issues affecting work incentives that should provide further evidence for consideration by the DSP and the Working Group, and work continues in government departments on bedding down new initiatives.

- Further analysis will be undertaken on the Affordable Childcare Scheme in 2017, as part of the ESRI SWITCH research programme, on its impact on labour market incentives facing workers at different points in the income-spectrum.¹⁹ The Affordable Childcare Scheme may be particularly impactful for lone parents.
- A review of the One Parent Family reform is being procured.²⁰ It might be best to see what comes out of that review before making any final decisions on the Working Family Payment.
- Lone parents, since OFP reform, are engaging more with Intreo, the State employment and training agency. A senior DSP official noted recently that the DSP's efforts represent the first time that the State has engaged with these parents on this scale.²¹ Intreo is relatively new (and still being rolled out nationally) and that we need to see parents move through the system before making radical change in the social welfare. We need a rigorous evaluation of State efforts in supporting families in this regard, and the success of these private sector

18 The MESL is a standard of living which meets an individual's/household's physical, psychological and social needs, at a minimum but acceptable level. Dr. Bernadette Mac Mahon D.C. (Director) and Robert Thornton Minimum, Essential Standard Of Living & National Minimum Wage Inadequacy: A Vincentian Partnership for Social Justice Submission to The Low Pay Commission (2015) p 1. The MESL cost for an adolescent is more than two and a half times that for a pre-school child when childcare costs are excluded. Vincentian Partnership for Social Justice, 'Minimum Essential Standard of Living 2016' <http://budgeting.ie/images/stories/Publications/MESL_Update_Paper/VPSJ_2016_MESL_2016_Update_Report__Appendix.pdf> accessed 4 July 2016.

19 Department of Children and Youth Affairs, 'Policy Paper on the Development of a new Single Affordable Childcare Scheme' (October 2016) accessed 6 February 2017,

20 Simonetta Ryan, Presentation to Joint Oireachtas Committee on Social Protection, 12 January 2017 <<http://www.oireachtas.ie/parliament/media/committees/socialprotection/Opening-statement-from-DSP-on-issues-facing-lone-parents-12-January-2017.pdf>> accessed 5 March 2017.

21 *ibid*

caseworkers to move people into quality employment. Are there sufficient appropriate job pathways for parents, especially lone parents?

- As part of this reform process, the system is being tweaked, e.g., the VTOS/ETB allowance was amended as lone parents were losing money by going on training courses. This shows how the system is adapting for families. Disincentives to work and training are not simply rooted in the interaction between social welfare/tax/pay.

5. Conclusions and Recommendations

The Government's approach to ensuring that work pays for families should be grounded in:

1. A children's rights approach;
2. Existing commitment to child poverty reduction; and
3. A whole of government approach to ending child poverty.

Better Outcomes, Brighter Futures indicates very clearly that reducing child poverty in the short-term and in the long-term is not just about income, but instead lies in a whole of government effort.

Implementing the principle of 'making work pay' should be part of developing a broader package of services to families and children that support parents' labour market participation, reduces child poverty, and reduces the ill-effects of poverty on children in childhood and over the life course. The package includes providing social housing, implementing HAP; providing affordable quality childcare, rolling out the GP medical card to children under 18-years, and prevention and early intervention initiatives. It requires sustainable public services, so that families' wellbeing is not totally dependent on income.

There are key questions still to be answered by the DSP and the Working Group:

What is the purpose of the proposed Family Working Payment?

By how much should 'work pay' for different types of families in different circumstances?