



A childhood free from poverty is a basic right – Let's make it happen

Pre-Budget Submission to the Department of Finance

September 2008

The Children's Rights Alliance is a coalition of over 80 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 Finance in relation to the development of Budget 2009. The Alliance Pre-Budget Submission 2009 is split into two sections. The first will look at the changes which can make a positive, but limited, impact on the day to day lives of those living in poverty. The second will look at the longer-term system changes required for Ireland to end child poverty.

Despite progress in recent years, the number of children living in poverty in Ireland remains alarmingly high. This is evidence of the need for a more strategic, long-term response to combating child poverty. The latest EU-SILC statistics from the Central Statistics Office (CSO) show that 1 in 9 children in Ireland were living in consistent poverty in Ireland in 2006.¹ That means that almost 114,000 children went without basic necessities – a warm meal, a winter coat, heating at home – because their families were too poor to provide these basic for them. And child poverty does not stop there. Another 230,000 children, or 1 in 4 of all children, were at risk of poverty in 2006.² These children lived in households where the family income was less than 60% of the national median income per adult of €337.48 per week.³

The Irish Government *appears* to be committed to tackling child poverty. It ratified the UN Convention on the Rights of the Child in 1992. It prioritised child poverty in key policy documents including the *National Children's Strategy 2000-2010*, the *National Action Plan for Social Inclusion 2007-2016, Towards 2016: the Framework Social Partnership Agreement*, and the *Programme for Government 2007-2012*. The Taoiseach, in his inaugural speech in May 2008, stated his deep and personal commitment to the children of Ireland.

Yet Ireland's performance on child poverty remains a national and international disgrace. Ireland is the second richest country in the EU, but it rates 21st of the EU27 on child poverty.⁴ In the OECD30, it comes joint 25th.⁵ This has to change. Whilst we acknowledge that we now find ourselves in more difficult economic times, with less money available to the Exchequer, this changed climate does not negate the Government's responsibility to address child poverty and support the most vulnerable in society. The Government must remember the reality: that careless cuts cost childhoods. Budget 2009 must make the most of now. It must build on previous budgets and lift the most vulnerable children out of poverty, demonstrating resourcefulness, even at times of recession. Budget 2009 also provides an opportunity to commit to a longer-term vision to eradicate child poverty in Ireland once and for all. It is imperative that the Government seize this opportunity to end child poverty.

¹ EU Survey on Income and Living Conditions (EU-SILC) 2007, CSO (figures from 2006)

² *Ibid.*

³ *Ibid.*

⁴ European Commission (2008), *Child Poverty and Wellbeing in the EU: Current Status and the Way Forward*

⁵ P. Whiteford and W. Adema (2007), *What works best in reducing child poverty: A benefit or work Strategy?*, OECD Social, Employment and Migration Working Papers <http://www.oecd.org/dataoecd/30/44/38227981.pdf>

Policy basis: United Nations Convention on the Rights of the Child

In developing its short and long-term approach to eradicating child poverty the Government should pay particular attention to the comments made by the UN Committee on the Rights of the Child in its *Concluding Observations* to Ireland in 2006.⁶ On 'Standard of Living' (Article 27) in Ireland, the Committee "recognizes that the favourable economic development has contributed to the reduction of the overall poverty level. The Committee remains however concerned that **a number of children in particularly vulnerable situations are living in households where the income remains significantly lower than the national median income.**"

These are the 22% of Irish children living in relative poverty. To address this, the Committee recommends that Ireland:

- a) "Effectively **implement its National Anti-Poverty Strategy** and strengthen its support to families living in economic hardship in order to ensure that poverty is reduced and children are protected against the negative impact of economic hardship on their development;
- b) Introduce a supplement to the existing universal child benefit payments as an **additional and targeted allowance to assist the families which experience highest levels of poverty;**
- c) Implement fully existing policies and strategies and **increase budgetary allocations for, and subsidization of, services**, including childcare, healthcare and housing, for families with children who are particularly vulnerable; and
- d) **Increase investments in social and affordable housing** for low-income families."

The Alliance urges the Government to use the Convention, and the *Concluding Observations* as tools to underpin its approach to ending child poverty in Ireland, and as the basis of the choices it makes in Budget 2009.

Budget 2009 should, immediately:

- **Raise the Qualified Child Increase** from €24 to €28 for children under 12 years, and from €24 to €33 for children over 12 years
- **Increase the income thresholds for the Family Income Supplement (FIS)** by €60 per week, and increase the income calculation of the payment from 60% to 70% of gross income
- Deliver a high profile **media campaign**, supplemented by a **local on-the-ground campaign**, to encourage take up of FIS
- **Raise the level of the Back to School Clothing and Footwear Allowance (BSCFA)** to €250 for children in primary school, and to €350 for those in secondary school
- **Restore Child Benefit as a universal payment** by removing the Habitual Residency Condition and **increase Child Benefit in line with inflation**
- **Increase the earnings disregard for the One Parent Family Payment** to €250 and **increase the earnings ceiling** to €500 to eliminate poverty traps.
- As a medium term measure for those receiving the One Parent Family Payment, commit to **reform and simplify the method and rate of assessing means** thereby ensuring that low earners are protected and increasing earned income is incentivised.

To ensure that child poverty is eradicated in the longer term, Budget 2009 should:

- Commit to the introduction of a **work-neutral, targeted payment to children in low-income families**, based on the Guiding Principles outlined by the NESC⁷ and develop a **timescale**, within the 2009 Budget period for implementation of the payment, with a deadline of 2012
- Commit to **streamlining eligibility thresholds** for access to FIS, BSCFA and Medical Cards
- Set the eligibility threshold at a point so that **no family** receiving an existing FIS, BSCFA or in receipt of a Medical Card **will be worse off as a result of the change.**

Section 1: BUDGET 2009

⁶ United Nations Committee on the Rights of the Child (2006), *Concluding Observations: Ireland*

⁷ National Economic and Social Council (2007), *Ireland's Child Income Supports: The Case for a New Form of Targeting*. Research Series, paper no. 6, p.68-70

Child Income Support

The UN Convention on the Rights of the Child guarantees an adequate standard of living (Article 27) as a basic right for every child, but for many Irish children this right is being denied.

1.1 Qualified Child Increase

The Qualified Child Increase (QCI, also known as the Qualified Child Allowance) is a critical targeted measure (one of only a few) 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.

The Alliance supports an increase in the QCI as an immediate means of reducing the number of children in consistent poverty. We call for the additional cost of having an adolescent child in the home – as demonstrated by the Vincentian Partnership Minimum Essential Budgets research⁸ earlier this year – reflected in the level of the payment.

Budget 2009 should:

- Raise the Qualified Child Increase from €24 to €28 for children under 12 years, and from €24 to €33 for children over 12 years.

Cost: This change would cost €71 million per annum for the payment for children under 12 years, and €32 million per year for the payment to children over 12 years. Total cost: **€103 million** per annum.

1.2 Family Income Supplement

The Family Income Supplement (FIS) is designed to incentivise parents into employment. However, its take up 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 23,000 working families,⁹ and advances made to it (and its take up) in recent years are welcome. But there is still some way to go.

For FIS to have a genuine impact on the lives of low income families its earnings thresholds must be widened to take increases in earnings and social welfare rates into account. In addition, information about FIS must be more widely disseminated and effectively communicated if take up is to be increased.

Budget 2009 should:

- Increase the income thresholds for FIS by €60 per week, and increase the income calculation of the payment from 60% to 70% of gross income
- Deliver a high profile media campaign, supplemented by a local on-the-ground campaign, to encourage take up of FIS

Cost: The cost of the increases to FIS outlined above totals **€33 million** per annum.

1.3 Back to School Clothing and Footwear Allowance

The cost of education, particularly at the beginning of the school year, can be a serious strain for low income families. 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 public private schools, which are in many instances the responsibility of parents.¹⁰ The pressure of meeting these costs can disincentivise education for some families.

⁸ Vincentian Partnership for Social Justice (2008), *Minimum Essential Budgets for Six Households: Comparative study of four urban locations for the period 2006-2008*

⁹ Department of the Taoiseach (2008), *Towards 2016: Ten Year Framework Social Partnership Agreement, Fourth Progress Report, 2008 Review* p.131

¹⁰ United Nations Committee on the Rights of the Child (2006), *Concluding Observations: Ireland*

The Back to School Clothing and Footwear Allowance (BSCFA) is the key mechanism through which financial assistance is granted towards the cost of schooling. But despite the welcomed increases in recent years, the BSCFA still does not reflect the actual cost of returning to school. Research by Barnardos in summer 2008 found that the cost of sending a child to primary school ranged from between €367 and €465 depending on the age of the child. For secondary school pupils the figures rose to between €730 and €880.¹¹ These figures included the cost of clothing, footwear, school books, photocopying and a voluntary contribution to the school. The totals are far above the current BSCFA of €200 for children between 2 and 11 years, and €305 for children between age 12 and 17 years.

Budget 2009 should:

- Commit to a multi-annual increase in the BSCFA in recognition that it is the key mechanism to support families with the cost of schooling.
- As a first step in this multi-annual increase, raise the level of the BSCFA to €250 for children in primary school, and to €350 for those in secondary school.

1.4 Universality of Child Benefit

In 2004, the Irish Government introduced a two-year Habitual Residency Condition for eligibility to the Child Benefit payment. This ended the policy of a universal child benefit payment to all children resident in Ireland. Now, children of asylum seekers and separated children are not entitled to receive Child Benefit. At the end of June 2008 there were 2,432 children living in direct provision centres. Making these vulnerable children eligible for Child Benefit would cost just 0.032% of the annual social welfare budget of over €15 billion.¹² It is important to note that the asylum seeking families are not entitled to work. Hence they have no legitimate means of supplementing the direct provision payment (Adult €19.10 / Child €9.60 per week) they receive to provide basic and social necessities for their children.

Budget 2009 should:

- Restore Child Benefit as a universal payment by removing the Habitual Residency Condition.

Cost: This change would cost approximately **€4.8 million** per annum.¹³

1.5 Child Benefit

The Child Benefit payment has increased substantially in recent years: this is a welcomed development. To ensure that these increases hold their value, the Alliance calls for Child Benefit to be increased in line with inflation.

Budget 2009 should:

- Increase Child Benefit in line with inflation.

1.6 One Parent Family Payment

The Alliance supports the reform of supports for lone parent families, including efforts to removing employment disincentives and provide access to affordable childcare, training, and education. The primary objective of this new system of support must be the elimination of poverty amongst these families. Lone parents are particularly vulnerable to poverty – the 2006 EU SILC figures show that 33% of lone parent families live in consistent poverty, while 40% are at risk of poverty. Children living in lone parent households are four times more likely to live in poverty than their peers in two-parent family homes.

Budget 2009 should:

- Increase the earnings disregard for the One Parent Family Payment to €250 and increase the earnings ceiling to €500 to eliminate poverty traps.
- As a medium term measure, commit to reform and simplify the method and rate of assessing means thereby ensuring that low earners are protected and increasing earned income is incentivised.

¹¹ Barnardos Research, August 2008, <http://www.barnardos.ie/our-latest-news/story/?story=40> accessed 28/08/08

¹² Department of Social and Family Affairs, Annual report 2007

¹³ Calculation based on €166 as the monthly rate of payment to all of the 2432 children

Budgets deliver short-term, quick fixes, not long-term system change. By doing this they run the risk of minimising the problem, and draw attention away from the bigger picture – the complex nature and scale of child poverty in Ireland. Child poverty cannot be eradicated in a year. But it can be eradicated in ten. Below are the two policy changes the Government should commit to if it is serious about ridding Ireland of child poverty once and for all.

2.1 Second tier payment

Child poverty remains a significant problem despite significant increases in Child Benefit and the introduction of the Early Childcare Supplement. Universal Child Benefit payments will not move the poorest children out of income poverty. To achieve this, more targeted support is required. In considering its longer term approach to eradicating child poverty and providing an adequate standard of living to all children in Ireland the Government must focus on children in families on the lowest incomes. A second tier payment should have the following principles at its core:

- It must be **work neutral** – it should not be contingent on either employment or social welfare status
- Its single objective must be the **redistribution of wealth** to low-income families with children
- It must be **adequate in value** to genuinely tackle child poverty
- It must **treat all families** on the same level of income **equally**
- It must be **paid automatically** to ensure that take up and stigma are not barriers
- It must be large enough to ensure that **those already on FIS do not lose out**
- It must have a withdrawal rate that **reduces potential poverty traps**

The Alliance supported the work of the National Economic and Social Council (NESC) on developing a targeted, employment neutral, child income support measure for children in low-income families and we are extremely disappointed that the NESC did not adopt this report as policy.¹⁴ However, we are encouraged that the report will be used by the Department of Social and Family Affairs to inform future policy in this area. We urge the Department to take the content of this important work seriously.

NESC estimated that introducing such a payment would cost €775 million per annum. The ESRI undertook a similar exercise, and costed the “tapered, employment neutral Child Benefit Supplement” at €450 million net per annum. It was estimated that this measure would reduce child poverty by 4.5%.¹⁵ Both studies acknowledged that implementation of a new system would require development of administrative systems, and would take time.

The Alliance urges the Government to use Budget 2009 as an opportunity to take a longer-term view and:

- Commit to the introduction of a **work neutral, targeted payment to children in low-income families**, based on the Guiding Principles outlined by NESC¹⁶
- Develop a **timescale**, within the 2009 budget period, for implementation of the payment. With a deadline of 2012

¹⁴ National Economic and Social Council (2007), *Ireland’s Child Income Supports: The Case for a New Form of Targeting*. Research Series, paper no. 6

¹⁵ Callan, T. Et al (2006), *Child Poverty and Income Supports: Ireland in a Comparative Perspective*, ESRI Budget Perspectives 2007

¹⁶ National Economic and Social Council (2007), *Ireland’s Child Income Supports: The Case for a New Form of Targeting*. Research Series, paper no.6 pp. 68-70

2.2 Streamlining of eligibility thresholds

The State recognises that families below a certain income level require, and are entitled to, financial support. But the income level at which State support is granted is not consistent. Currently, families with dependent children are entitled to earn €266.50 and retain a medical card. In addition, there is a €38 allowance granted for the first two children, and €41 for the third and subsequent children. This figure is significantly lower than the level at which the Back to School Clothing and Footwear Allowance (BSCFA) and the Family Income Supplement (FIS) are granted. Recipients of FIS are entitled to earn up to €490 with one child, €570 with two children, and €655 with three children, and still be eligible for the FIS payment.

An Ireland free of child poverty is an Ireland where every child has an equal chance in life. Part of creating that chance is providing equal access to services for all children under 18 years. Currently, the social welfare system is complex and daunting. Streamlining eligibility thresholds for FIS, BSCFA and Medical Cards would address that. It would also go some way towards levelling the playing field between children in families on the lowest incomes and their peers. Access to school, health services and parental employment is a passport to social inclusion for low income families.

With a view to undertaking this system change in the medium term, Budget 2009 should:

- Commit to streamlining eligibility thresholds for access to FIS, BSCFA and Medical Cards
- Agree to set the eligibility threshold at a point so that no one receiving an existing FIS, BSCFA or in receipt of a Medical Card will be worse off as a result of the change (at present that would mean setting the eligibility threshold at the level currently applied to FIS). It would also mean using the FIS income thresholds for both 1 and 2 parent families, and assessing income net of tax and PRSI)
- Develop a timescale, with the 2009 Budget period, for implementation of this change, with a deadline of 2012.

Children's Rights Alliance

The Children's Rights Alliance is a coalition of over 80 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

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

Web: www.childrensrights.ie