

Seven is too young!

Analysis of Proposed Social Welfare Reforms for One-parent Families

Introduction

The One-parent Family Payment was introduced in 1997 by the then Minister for Social Welfare, Proinsias De Rossa. The Payment was designed to recognise the unique circumstances of our families, where adults are both sole parent and sole breadwinner; and the prevailing conditions in the Republic of Ireland where childcare provision was scant and there had not been a culture of mothers with young children working outside the home. Most recipients of the Payment were and are women, 97.7%¹.

The Payment comprised an element called the Earnings Disregard, which allowed lone parents to work and retain a reduced amount of their social welfare payment, subject to certain income limits.

In the intervening time, a boom and bust has occurred in our economy. Childcare provision has improved since 1997, especially in the early years' area, although experts agree that much still remains to be done to bring Ireland into line with many other Northern Europe countries. Nevertheless, approximately 3 out of every 5 of the recipients of the One-parent Family Payment work, many by combining their hours with school, availing of the free, part-time pre-school place for a year, or relying on close family members.

Sadly, even during the boom, poverty remained high for one-parent families. And many of our local authority housing lists have remained dominated by single adult households, with or without children.

During the recent period of austerity, the weekly income of lone parents dependent on social welfare was reduced by €16.30 in Budgets 2009 & 2010 and a TASC analysis² of Budget 2011 found that:

The category most adversely affected by the measured Budget 2011 changes was the 'single with children' group. This category has by far the lowest average income of all the categories studied, and has a very high ratio of females (73 per cent) to males (27 per cent). The cumulative impact of the budgetary changes on this category caused individuals in this category to lose five per cent of their income on average.

Our families have also experienced cuts and changes in payments made to all families, such as Child Benefit and other specific income supports including Rent Supplement, Back to School Clothing & Footwear Allowance & Fuel Allowance.

In short, nobody could argue that our poorest families have not paid their way to help our country out of the unprecedented recession, which they did not have any part in causing through reckless borrowing or otherwise.

¹ <http://www.welfare.ie/EN/Policy/ResearchSurveysAndStatistics/Documents/statsa2010.pdf>

² <http://www.tascnet.ie/upload/file/Winners%20and%20Losers%20141111%20final.pdf>

Budget 2012

A number of cuts and changes for lone parents were made as part of the government's Budget for 2012. Some of these affect all of those on income supports, some affect lone parents on Community Employment now or in the future only & some are expediting and amending the changes for OFP recipients already underway.

Table 1 presents an overview of all the Budget 2012 changes for lone parents on social welfare, beginning with the changes which will impact on all social welfare recipients/families.

Table 1:

BUDGET 2012 ANNOUNCEMENTS	IMPACTS
Rent Supplement changes	Lone parents will need to pay €6 per week more in rent. The impact of reducing the amount paid to landlords/property owners is unclear, as there is a presumption that this will not be passed on to tenants.
Reduction in number of weeks paid for Fuel Allowance	€120 per annum loss
Child Benefit cuts	Loss of €228 per year for a one-parent family with 3 children and €432 for those with 4 children (Most lone parents have 1-2 children)
Back to School Clothing & Footwear Allowance cuts	Loss of € 50 per primary school age child Loss of €55 for secondary school age child
The Earnings Disregard element of the One-parent Family Payment (OFP) will reduce by €16.50 to a weekly amount of €130. (The Department has signalled that this will reduce further over 4 years to €60 per week ³)	Lone parents in work will lose out, especially those who are in part-time work by choice or because their hours have been reduced. The OFP has an earnings disregard in place as Ireland does not yet have proper childcare provision <i>and</i> to recognise the reality of lone parents being sole parent & sole breadwinner.
For lone parents on Community Employment (CE) before January 2012, the Qualified Child Increase (€29.80 per week per child) of their CE payment will no longer be paid from February 20, 2012.	Owing to the Earnings Disregard changes, it is estimated that weekly income for a lone parent with 1 child will fall by €20 per week or €1,000 per year.

³ Bringing it into line with those on unemployment payments

<p>Recipients of the OFP, who begin a CE scheme, will no longer receive a reduced OFP payment.</p>	<p>This will mean that lone parents who work in for example the catering or retail sectors will keep a portion of their OFP; while those, who through educational attainment, location or for some other reason, work for their local community, will lose out.</p>
<p>Reduction to age 7 for those on the OFP now & in the future, by 2015.</p>	<p>Unemployed lone parents will be eligible for a Job Seekers payment.</p> <p>Working lone parents will lose their entitlement to a reduced OFP payment.</p> <p>Stereotypes about lone parents will be reinforced as many will not be able to find jobs or will have to leave the ones they have.</p>

Most of the above changes were made by our Oireachtas before Christmas 2011 and have or will take effect by the end of February 2012. The outstanding change is the one which seeks to dramatically reduce the age of the youngest child in a one-parent family eligible for the OFP social welfare payment to 7 years, which will be part of the forthcoming Social Welfare Bill.

Social Welfare Bill 2012

Background

Following the publication of the ‘Brennan’ proposals⁴ in 2006, the (then) Department of Social & Family Affairs hosted a Consultation with all of the key statutory & NGO stakeholders and also accepted Submissions on the issues.

OPEN, and other NGOs present were welcoming of the proposed changes, framed as they were, with overall goals to:

- (a) Reduce child poverty
- (b) End the need for a co-habitation condition to be met.
- (c) Reduce dependence on social welfare

We highlighted though the absence of quality, affordable childcare, the urgent need for education and training provision to be reformed and that lone parents would need to have excellent career guidance & supports.

The Department also undertook a number of initiatives including two pilots, one in an urban & one in a rural area to examine various aspects of the Proposals.

⁴ Government Discussion Paper: Proposals for Supporting Lone Parents, Department of Social & Family Affairs, 2006

The Department subsequently chose the age of 14 as the maximum qualifying age of the youngest child for the One-parent Family Payment with some exceptions.

Table 2 presents a brief overview of the original proposals and what was finally signalled by the DSP from 2009, and passed into law by the Dáil in Spring 2011.

Table 2:

ORIGINAL PROPOSALS - 2006	SW BILL 2011
Introduction of a Parental Allowance (PA) for all low income parents, regardless of relationship/marital status of parent(s)	No such Allowance; there is a commitment in the Programme for Government to do this, subject to resources becoming available.
Examined qualifying ages of 5,7,12 years	Age 14 by 2016
A 5 year phasing in period	Phased in between (April 30 th) 2011 until 2016
No exceptions	Those who become lone parents through bereavement have a 2 year delay Those who have a child dependent on Domiciliary Care Allowance, will continue to receive OFP until that child turns 16 years of age
Envisaged active engagement well in advance of the cessation of the PA, to encourage & support parents into education, training & work	No plan for this.

Since the passing of the 2011 Bill, the Department held a consultation⁵ about the development of a 'Single Working Age Payment' in July 2011. At it the Department noted the following:

“While there were difficulties in instigating change during a period when job opportunities were plentiful, the current economic situation presents a greater challenge in delivering reform.”

The Department also made a lengthy submission⁶ to the Department of Public Expenditure & Reform in September 2011 to the Comprehensive Review of Expenditure. One of the possibilities which were examined was a reduction in the age of the youngest child to age 7. The Department estimated the numbers who will be affected by this change⁷ as follows: 170 in 2012; 765 in 2013; 2,210 in 2014; 4,510 in 2015.

⁵

http://www.welfare.ie/EN/Policy/CorporatePublications/Finance/exp_rev/Documents/WorkingAge_seminar.pdf

⁶ <http://per.gov.ie/wp-content/uploads/Department-of-Social-Protection.pdf>

⁷ Table 8.6

The Proposed Reforms

We are still waiting confirmation of the date of the publication of the 2012 Social Welfare Bill. It will give effect to the changes in Table 3.

The Department has also signalled that it is submitting to the Troika by the end of March a comprehensive programme of change to bring about the introduction of a Single Working Age Payment⁸.

Table 3:

	Payment continues up to age			
	2012	2013	2014	2015
Those in receipt of OFP before 27 April 2011	18	17	16	7
Those in receipt of OFP between 27 April, 2011 and April 2012	14	12	10	7
Those in receipt of OFP after April 2012	12	10	7	7

The *current* phasing-in arrangements, as of April 30, 2011, are:

Table 4:

YEAR	AGE LIMIT
2012	18
2013	17
2014	16
2015	15
2016	14

Therefore the net impact of the forthcoming Social Welfare Bill is to halve the age limit from the original reform proposals and do so a year earlier than was intended for the age 14 cut-off.

⁸ <http://debates.oireachtas.ie/FAJ/2012/01/18/00003.asp>

OPEN's comments on the anticipated Social Welfare Bill 2012:

- The dramatic reduction of the qualifying age of youngest child will mean that from 2015 all unemployed lone parents with children over 7 years will be switched from OFP to a Jobseekers payment, which will result in an increase in the Live Register with *zero* savings for the exchequer.
- Those who this change will hurt most are those in work, who are balancing their family & working lives, as the OFP precisely intends them to do, who will face the Hobson's choice of leaving their job or increasing their hours *and* finding childcare.
- There is no disincentive to work at present: 60% of those on OFP work. One study has estimated that another 20% are in education/training. The new conditions will cause such a disincentive.
- Other countries have excellent, publicly funded after-school childcare. We don't! There are no official figures for such provision. Few community crèches provide after-school care. Parents report paying between €30-€60 per week to get it in the private sector, some of which is based in, but not provided by, schools.
- The original proposals foresaw a planned programme to be undertaken with lone parents well in advance of the loss of the OFP. OPEN has seen the draft letters which OFP recipients will receive from the Department shortly informing them of the changes. *No such plan will be implemented.* This will mean that no pressure will be borne on training/education agencies to provide appropriate courses so that lone parents could prepare for a career. We have grave concerns as past experience has shown that male unemployment will be prioritised by government and lone parents will de facto be allowed to languish on social welfare. Apart from the impact on poverty, we are also very worried about the impact on the image/stereo-typing of our families which is already bad enough, in spite of evidence of high levels of motivation to move off welfare.
- The original proposals clearly prioritised addressing child poverty and the removal of the archaic co-habiting condition. The 2012 proposals are clearly being introduced as part of wider reforms to have a Single Working Age Payment. This is happening in spite of a recession which is characterised by huge unemployment and when the proper childcare & education/training provisions have not been put in place.

Conclusion

OPEN is completely opposed to the reduction from age 14 by 2016 to age 7 by age 2015.

The so-called reforms will mean that one cohort of parents, mainly mothers, are classified as workers within the social welfare system, while others are not.

Even if this was acceptable, we do not have the following in place to support this enormous social change:

- After-school care provision which is affordable, of consistently high quality & widely available;
- A programme and the resources to accompany it which provides proper career guidance to lone parents;
- Training and education which leads to a career which moves a lone parent out of poverty/in-work poverty;
- Jobs – Ireland is experiencing an unemployment crisis.

The Department is establishing a new service called the National Employment & Entitlements Service. In the Project Plan for its establishment⁹, it is clear that lone parents will not be its first priority:

“Once activation/NEES programmes are rolled out to cater for people on the live register we will then progress to cater for lone parents, and subsequently people claiming illness/disability payments.”

In its submission to the Comprehensive Review of Expenditure¹⁰, the Department of Social Protection stated:

“DSP is of the view that significant structural reform of the schemes and services operated by DSP is urgently required in order to better utilise scarce resources and, most importantly, produce better outcomes. The provision of targeted income support, training, development and employment services as appropriate, based on individual needs and circumstances, is the priority with the twin aims of reducing the risk of poverty and maximising employability. Accordingly, it is necessary to reform the schemes and services so as to ensure an adequate and sustainable system in the years ahead while ensuring that they are compatible with realising the potential of all.”

⁹ <http://www.welfare.ie/EN/AboutUs/Documents/NEES.pdf>

¹⁰ <http://per.gov.ie/wp-content/uploads/Department-of-Social-Protection.pdf>

OPEN can find nobody who believes that what we, and the Department, believe needs to be in place by 2015, will actually be. There is no plan to ensure this. As our government is under continuous pressure to reduce public spending, there are clearly no resources to implement any of the services & supports which our government knows will be needed.

OPEN can therefore sadly predict that the poorest of our families, regardless of their personal motivations to move out of poverty, will be left to eke out an existence on the 'Dole'.

Poverty including, most worryingly for our families, child poverty, will increase.

Perceptions and stereotyping about our families will worsen as lone parents will be trapped on social welfare with no hope of finding work or the childcare to go with it.

This unnecessary reform is untimely, ungainly and ill-fitting a government which has both international and national obligations to reduce poverty, look after children and protect the most vulnerable.

/Ends