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# Combat Poverty Agency

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## AN ANTI - POVERTY PROGRAMME

### A PRE-BUDGET SUBMISSION

DECEMBER 1987

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## PREFACE

The Combat Poverty Agency has a statutory role to advise the Government on all aspects of economic and social planning in relation to poverty. This submission is based on a review of existing social and economic policy and provision and their effects on poverty. It is an extension of the framework developed in the Agency's earlier submission to Government and the social partners and it incorporates ideas resulting from consultations that the Agency has had with over 200 groups and projects around the country.

The submission is in two parts. The first sets out a preliminary framework for tackling poverty, and the second part outlines the immediate priorities for change. The Agency believes that to tackle the problem of poverty an integrated and planned approach is required. Thus, the Agency recommends that an ANTI-POVERTY PROGRAMME be established to complement the Programme for National Recovery. The basic framework for such an approach is outlined in this submission but the Agency intends to further develop the details of this framework with a wide range of interested parties. The Agency sees the Budget as a vital opportunity to take the first steps in implementing the anti-poverty programme.

For the programme as suggested to be effective, the issue of long-term structural unemployment must be addressed. This problem underpins any strategy to combat poverty but it is outside the scope of the programme suggested here since it must be addressed in its own right as a matter of urgency.

## SUMMARY OF RECOMMENDATIONS

### RECOMMENDATIONS: PART ONE

That an Anti-Poverty Programme be established to complement the Programme for National Recovery. There are five key elements to this Anti-Poverty Programme:

#### 1. Reform of Social Welfare System

- implement recommendations of Commission on Social Welfare
- introduce short-term measures (see part 2).

#### 2. Reform of Taxation System

- widen the tax base through:
  - . a more substantial capital acquisitions tax
  - . 20% tax on service industry and 10% tax on manufacturing industry
  - . a meaningful wealth tax (4%) incorporating a land tax
  - . a property tax (1.5%).
- phase out tax reliefs that benefit disproportionately those on higher incomes:
  - . mortgage interest relief
  - . life assurance premiums
  - . V.H.I.
- introduce a realistic assessment of the value of fringe benefits
- give greater tax relief for low-paid
- introduce more rigorous tax assessment and collection.

#### 3. Programme of Community Development

- provide state funding for community development in disadvantaged areas (£4m)
- increase C.P.A.'s budget and staff (£2m; 23 staff)
- set up initial state endowment of Community Development Foundation (£2m)
- provide tax incentives for charitable giving
- set up an integrated rural development programme (£2m).

#### 4. Access to Public Services

- education and training:
  - . provide additional resources to primary schools in disadvantaged areas, especially for remedial education
  - . provide pre-school education for low-income families
  - . introduce a maintenance grants scheme at senior cycle of secondary school for children from disadvantaged backgrounds
  - . extend the Social Guarantee to 2 years for the most disadvantaged
  - . extend adult literacy and community education, travellers training schemes and prisoners' education.
- health:
  - . introduce special measures to ensure that public expenditure cuts do not affect families on low incomes
  - . protect post-natal clinics, general maternity services, screening services for women, dental care of children, health services for rural elderly and outpatient services for medical card holders
  - . increase community care facilities in disadvantaged areas
  - . put more emphasis on preventive health care, including health education and better living conditions, for the poor.
- housing:
  - . recognise special needs of homeless and disabled, including the need for support services
  - . introduce a Homeless Person's Bill as a matter of urgency
  - . provide better social and economic planning to reduce residential segregation
  - . make a greater commitment to community development
  - . provide better co-ordination of state services at a local level and movement towards decentralisation of social services.

- law:
  - . increase funding for Civil Legal Aid Scheme
  - . put emphasis on public education and community involvement on the lines of the Coolock Community Law Centre.

#### 5. Rights of the Unemployed

- issue of long-term unemployment must be addressed in addition to the Programme for National Recovery
- re-appraise 'availability for work' condition
- Educational Opportunities Scheme and Part-Time Job Allowance Schemes should be made permanent and extended nationwide with some additional changes to make them more responsive to people's needs and circumstances
- provide more information on and financial assistance with the voluntary community work option for the unemployed
- allow for representation for poor and unemployed in discussions with Government on a par with the other social partners
- annual welfare increases should be linked by law to the Consumer Price Index once payments have been raised to an adequate minimum level.

#### RECOMMENDATIONS: PART TWO

- That all adult basic payments be increased to £48 minimum with £29 as the minimum allowance for each dependant adult.
- The child dependant allowances should be standardised and rationalised at £10 per child for all schemes.
- The free electricity, free television and free restricted travel provisions should be extended to long-term unemployed families.
- Additional quarterly payments should be paid to families who are long-term unemployed.

- The possibility of calculating the Family Income Supplement on net rather than gross income should be considered.
- Once the basic level is achieved, the principle of giving proportionately larger increases to those on lower payments should be adopted.
- The dependency ratios currently underlying provision need to be reviewed and further researched.
- The income maintenance needs of unemployed young people between the ages of 16 and 18 years should be reviewed, especially with regard to making formal provision for them within the Supplementary Welfare Allowance scheme.
- The conditions attaching to schemes for which only women are eligible should be reviewed.
- The appeals system should be reformed. Reasons for rejection of decisions should have to be given.
- The organisation and operation of the Supplementary Welfare Allowance scheme should be reviewed. In particular, the appeals system needs to be overhauled.
- Priority should be given to developing new administrative arrangements to enable one comprehensive means test to be used for all social welfare services.
- A consultative forum along the lines recommended by the Commission on Social Welfare should be set up as a means of implementing the commitment in the Programme for National Recovery for closer liaison with voluntary organisations.

**PART ONE**

**AN ANTI-POVERTY PROGRAMME**



## Introduction

Two key considerations inform this submission: on the one hand, the size of the national debt and, on the other, the growing impoverishment of a sizeable minority of our population. The Programme for National Recovery sets out a framework, agreed between the government and the social partners, of public sector cuts, an intensified sectoral job creation programme and a maximum limit of 2.5% for annual pay increases up to 1990. In responding to the Programme, the Combat Poverty Agency is conscious that over a quarter of our adult population is dependent on social welfare payments while unemployment is approaching the quarter of a million mark.

The Combat Poverty Agency acknowledges the commitments made in the Programme for National Recovery towards protecting the interests of the 'disadvantaged', maintaining the value of social welfare payments and the special provisions in the pay deal for a greater proportional pay increase for those on low pay. The Agency believes, however, that the policy presented in the Programme will not by itself significantly improve the position of those on low incomes, whether in employment or outside of it. This is because the Programme does not address itself to the structural inequalities in our society and the need for a significant redistribution of resources. The Programme treats the tax and social welfare systems as largely separate and the underlying assumption is that free enterprise will automatically result in a significant improvement for all, as the incomes of the poorest are pulled up by economic growth and rising standards of living. This is problematic on a number of counts.

First, there is little evidence that economic growth benefits all equally. Our past experience confirms this: the growth that took place in Ireland in the '60's and '70's did not significantly break down inequalities, and in some ways even exacerbated them.<sup>(1)</sup> In addition, a more extreme version of this policy, as applied in Britain, has been found to have given rise to

'two-nations' - a 'one-third/two-thirds' society, in which one-third depends permanently on the social welfare system while two-thirds gain and improve their livelihood from the marketplace.(2) Secondly, in failing to relate the tax and social welfare systems, the Programme does not recognise the social policy consequences of aspects of the tax structure that, in the words of NESC, "create an implicit and inequitable array of subsidies which disproportionately benefit middle and higher income groups".(3) To put it another way, the tax structure contains another layer of subsidies (mortgage relief, health insurance relief, etc.), many of which most benefit those on higher incomes. Therefore, in limiting the definition of equity to within the tax system, the Programme generally fails to use the tax structure to improve wider social equity. Thirdly, the job targets of the Programme, even if fully reached, will not significantly change the existing scale of unemployment over its duration, because of the high numbers coming onto the labour market. Given this, the continuing role of the social welfare system in providing income maintenance for approximately a third of our population is not adequately addressed in the Programme.

The Combat Poverty Agency believes that the strategy contained in the Programme for National Recovery will not significantly alter the position of that third of the population on the lowest levels of income. The link between the economic programme as set out and social goals and objectives are not worked through in the Programme. The Agency endorses the call made by the social partners through NESC for "coherent links between economic objectives and social programmes".(4) The Agency, therefore, recommends that the Government introduce an ANTI-POVERTY PROGRAMME to complement the Programme for National Recovery. Of similar duration, the Anti-Poverty Programme would work towards relieving existing levels of poverty and deprivation and towards developing a preventive programme for the future. This would be an important advance in the process of integrating social and economic planning. Such an Anti-Poverty Programme needs to be

developed and implemented over an extended period. Central to it are, first of all, an acknowledgement that poverty exists in our society and, secondly, a concrete commitment to tackling poverty. In this context, it is noteworthy that the Programme for National Recovery makes no specific reference to poverty. The Agency is of the view that a generally caring attitude towards the poor exists in Ireland and that a strong sense of collective obligation prevails. It is important to build on this collective ethos, to make people aware of the extent of poverty and, at the very least, to establish a consensus that the basic functions of economic and social policy are to promote the welfare of the whole nation.

The Agency suggests a five-part Anti-Poverty Programme:

- Reform of the social welfare system
- Reform of the taxation system
- Introduction of a comprehensive programme of community development
- Better access by the poor to public services
- Introduction of a programme of rights for the unemployed.

(1) Reform of Social Welfare System

As regards reforming the social welfare system, a more than adequate framework exists in the Report of the Commission on Social Welfare. The Agency recommends that the Government should implement the main recommendations of the Report. However, in recognition of the fact that the reform of social welfare is a long-term process, Part Two of this submission suggests some realistic and practical improvements that could be made in the social welfare system in the short-term in order to relieve some of the worst manifestations of poverty.

(2) Reform of the Taxation System

The second element of the Anti-Poverty Programme as proposed is the reform of the taxation system. The Agency notes the tax

changes proposed in the Programme for National Recovery but is disappointed at the lack of movement therein towards an overall programme of taxation reform based on principles of social equity. In general, increases in taxation are not specified in the Programme as a means of effecting adjustments in the public finances. The Agency endorses the conclusion of NESC that "the structure of the present taxation system is generally perceived as contributing to economic inefficiency through resource misallocation".(5) The Agency recommends the Government to introduce a programme of tax reform incorporating the following:

- a widening of the tax base through the introduction of:
  - a more substantial capital acquisitions tax;
  - an effective tax rate of 20% on service industry and 10% on manufacturing industry;
  - a meaningful wealth tax that would incorporate a land tax;
  - an extension of the present Residential Properties Tax into a comprehensive Property Tax.
- the phasing out of those tax reliefs that benefit disproportionately those on higher incomes, e.g., mortgage interest relief, life assurance premiums, and a realistic assessment of the value of fringe benefits. As a start, certain tax reliefs could be allowed against the basic rate of tax only and a process of greater tax relief or credit could be introduced for the low paid.
- a more rigorous system of assessment and collection of taxes. The Agency welcomes the inclusion of the farmers in the tax system on the same basis as other self-employed and the stated commitment to developing a system of self-assessment for the self-employed and for corporation tax. To be effective, such a self-assessment system

should include severe penalties for inaccurate disclosure, random checking of accounts by revenue officials and completely open disclosure of accounts.

### (3) Programme of Community Development

Any programme to combat poverty must encourage and promote anti-poverty efforts at a local as well as a national level. In particular, there must be a systematic approach to developing those areas of special social need which suffer from multiple deprivation, such as isolated rural communities, urban public housing estates and decaying inner city communities. Such a programme must aim to integrate the efforts and resources of the various government and voluntary agencies, to build up strong local community groups which promote a sense of community involvement and self-help, and to foster closer co-operation and partnership between the government, private and community sectors. This is particularly urgent at a time when, because of economic austerity, the government is placing increasing emphasis on community care programmes and other ways of local communities taking more responsibility for tackling serious social problems.

At present there is no adequate national programme of community development, and, while it will take some time to develop a comprehensive and structured programme, the Budget provides an important opportunity to commence such a programme. While acknowledging that it is difficult to raise funds for this purpose, the following are some worthwhile initiatives:

#### (i) Funds for Community Development

In the space of two months, the Agency received applications from some 219 community projects seeking support to the value of over £4 million. Research commissioned by the Agency into funding for community development is underway and this has already revealed an urgent crisis for the most basic funding for local community activity. While the Agency welcomes the

decision to set £1 million aside in the National Lottery for information and community development services, this sum will not be sufficient to meet the needs that have been identified. The Agency recommends that at least £4 million be allocated for promoting local community development as a cost-effective way of tackling social need. The Agency welcomes the decision by the government to allocate some £4 million from the lottery for community youth projects in disadvantaged areas. The Agency now requests the government to make a similar decision in relation to more generalist community development groups in disadvantaged areas and initially to allocate at least £4 million to this area of work.

(ii) Increase Combat Poverty Agency's Budget and Staff

Under the Combat Poverty Agency Act 1986, the Agency was given a key role in promoting, supporting and co-ordinating community development programmes as a means of combatting poverty throughout Ireland. A three-year Strategic Plan was approved by the Minister for Social Welfare and launched in June 1987. This was based on a budget of £1.3 million for 1987, an expected annual budget of £2 million from 1988 and a staff of 23. The subsequent budget cut-back in 1987 of £300,000 and the failure to allocate £2 million for 1988, and the limiting of staff to 11 have very seriously undermined the Agency's capacity to develop its role as a national community development resource agency and to fund pilot action research projects at a local level. At a recent consultation involving some 200 voluntary and community organisations, representatives voiced concern and anger at this cut-back and called for the restoration of the Agency's budget and for the Agency to be allowed to recruit its basic complement of staff. When the Agency was first informed of the proposed cut-back to its budget, members met with the Minister for Social

Welfare, Dr. Michael Woods, who indicated the possibility of seeing if something could be done about the Agency's funding in the Budget. The Agency now asks the Government to restore its funding for 1988 to £2 million and to allow it to recruit the remainder of its staffing complement.

(iii) Independent Community Foundation

In addition to an adequate system of state support for community development it is also important that there be independent sources of funding. Unlike most other developed countries, Ireland lacks such independent sources of funding for community development. In Northern Ireland, the United Kingdom and the United States, charitable foundations play a key role in supporting new and innovative local projects to combat poverty, which, once established, may then receive government funding. The Agency suggests that the Government play a lead role in establishing an independent, permanent Community Foundation during Dublin's Millenium. The Government should provide an initial capital endowment of £2 million, from the National Lottery for instance, and a commitment to match every £1 raised from private sources over a four-year period with another £1 up to a ceiling of £2 million. This would create a permanent and growing capital fund of £4 million by 1992. The precedent for such a development exists in Northern Ireland with the Northern Ireland Voluntary Trust which, established on the initiative of the British Government in 1979, has subsequently received recognition and support from the Irish Government, and has developed a very considerable reputation in both local communities and government departments for its contribution to community development.

(iv) Tax Incentives for Charitable Giving

There is an urgent need to encourage much greater support by the business community and the public at large for projects concerned to tackle poverty. This has been made more pressing by the serious adverse impact of the National Lottery on the fund-raising efforts of many local voluntary groups concerned with poverty amelioration and prevention. Many other countries have now developed significant programmes of business involvement in the community. The key to such a development lies in a system of tax incentives for charitable giving. These need to cover both businesses and individuals. The Agency thus recommends: the extension of deeds of covenants to cover donations of at least four years duration to projects concerned to relieve poverty; the introduction of a payroll deduction scheme whereby employees can donate up to £120 per year to poverty projects from their pay, before tax; and corporation tax relief on all donations by firms to poverty projects.

(v) Integrated Rural Development

The Agency welcomes the commitment in the Programme for National Recovery to tackling the problems of disadvantaged rural areas and in particular to developing pilot programmes of Integrated Rural Development (IRD). If IRD is to be successful, three elements will be essential. First, that structures are created to devolve decision making and control of resources to a local level (as advocated in the Hume Report). Secondly, that participation of local people is encouraged through a programme of community development. Thirdly, that any new pilot programmes link in to the anti-poverty projects already being operated in rural areas under the joint EEC/Irish Combat Poverty Programme.



Thus, £2 million should be set aside within any pilot IRD programme to employ key community development workers and to provide core funds for local community projects. It is also important to stress that IRD must be concerned with the overall social and economic development of marginalised areas and must not just deal with the individual symptoms of the problem.

#### (4) Access to Public Services

The fourth element of an Anti-Poverty Programme is improved access for the poor to public services. This is especially important at a time when there are substantial cutbacks in public services, especially in the social services - education, health and housing. While the Agency welcomes the commitments in the Programme for National Recovery to protecting the access and interests of the 'disadvantaged' to public services, these commitments need to be made more concrete.

Education is a central element to a strategy for combatting poverty. Although technically there is equal access to educational opportunities, in practice, there is some evidence that poor children do not get an equal benefit out of the education provided for them.(6) Educational provision is most equitable at primary level but additional resources need to be devoted to primary education in deprived areas, particularly with regard to remedial education. The Agency also highlights the role of early childhood education in helping children from low income families to overcome their disadvantage - research carried out in America has proved the impact that this type of education can make in tackling poverty.(7) At second level, a maintenance grants scheme, similar to the Vocational Preparation and Training Programme for students from disadvantaged backgrounds who wish to study for the Leaving Certificate, may be an appropriate practical measure on the part of the Government to fulfil its commitment to encouraging more second-level students to complete

the senior cycle. In relation to early school leavers, the Agency welcomes the initiatives of the Minister for Labour and asks that the Social Guarantee be extended to two years for the most disadvantaged early school leavers. The present six months' duration of the Guarantee is too short and prevents it from making any real impact on the life chances of early school leavers. Other compensatory measures that need to be extended include adult literacy and community education schemes (£400,000 per annum is inadequate given an official estimate of 400,000 people with literacy and numeracy problems), travellers' training schemes and prisoners' education. The educational system should be sufficiently flexible to reach out in a more imaginative way to these groups.

Health is also critical to poverty. Although there is a general commitment in the Programme for National Recovery to protecting services to the disadvantaged, the Agency seeks special measures to ensure that the cuts that are taking place in services do not affect families with low incomes, especially those in employment. Consequently, while addressing the more fundamental issue of health inequality, the state in the short-term should ensure that health care delivery for the poor is capable of meeting their greater level of need. In particular, post-natal clinics and general maternity services, screening services for women, dental care of children, health services for the rural elderly and outpatient services for medical card holders are key issues that demand attention. As a start, the lengthy dental waiting lists for children under 16 years and medical card holders should receive priority. Community care facilities in disadvantaged areas need to be protected since this form of care is potentially superior in cost/benefit terms for many categories of chronically sick and dependent persons.(8) Medical provision must take account of the fact that the poor are more affected than other sectors of the population by illnesses such as heart disease, respiratory ailments and strokes. Preventive health care, such as health education on issues like nutrition and smoking and

drinking, and improvements in living conditions would be of particular benefit to the health of the poor and, in turn, reduce the need for more expensive curative health care.

With regard to housing services, the Agency highlights the special needs of the homeless and the disabled. Special measures to take account of the needs of these groups are needed, especially as housing stock is now available. However, housing provision alone is not enough; an adequate system of support and follow-up is also essential. In addition, the introduction of a Homeless Person's Bill, as promised in the Programme for National Recovery, is keenly awaited. Such a bill, which would include a comprehensive settlement strategy, is an urgent priority. The larger issue of housing policy and provision is also central to tackling poverty. This is not simply a matter of building more houses but also involves up-grading and coordinating the services and conditions in existing estates. As such, it will not require large capital expenditure. Comprehensive social and economic planning would eliminate the current trend towards residential segregation, while a commitment to fostering community development, to increasing co-ordination of the various statutory services at local level and to decentralising social services could help to reduce existing levels of deprivation.

Equal access to the law is as important as equal access to other state services. For the poor, the cost of legal services is a major deterrent, one which the Civil Legal Aid Scheme was designed to remove. However, the underfunding of this scheme has meant large backlogs and limited application, especially in non-urban areas. This situation particularly affects women who are poor who rely most on the Legal Aid Scheme to gain access to legal services: in 1985, 83% of those using the service were women. Also, the absence of public education and community involvement maintains the current gulf between the law and disadvantaged people. The one exception to the rule is Coolock Community Law Centre which is not however, funded under this

scheme. Consequently, additional resources need to be devoted to Civil Legal Aid and, in particular, to centres operated on a community basis in deprived areas.

#### (5) Rights of the Unemployed

Long-term unemployment is now a permanent phenomenon due to factors such as the changing nature of work and the international labour market, and the increasing inroads of technology into the workplace. In Ireland, the permanency of high levels of unemployment in the foreseeable future is almost guaranteed given that the job targets of the Programme for National Recovery, even if achieved, will not significantly reduce the existing scale of unemployment. Thus, even though annual job creation targets of 20,000 are set out, this will not change existing levels of unemployment since the number of people entering the labour market each year is about 20,000. There is a need, therefore, to affirm the rights of the unemployed and to recognise that the problem of structural unemployment has grown dramatically in recent years and is now one of the biggest causes of poverty. The Agency asks that a number of measures be introduced in recognition of these facts:

- Given the lack of availability of work and, consequently, the fact that the links between work and social welfare are becoming more remote, the availability for work condition that attaches to unemployment payments should be re-appraised. At the very least it should be made more responsive to people's family circumstances, e.g. caring responsibilities, and educational aspirations or interests. If, for instance, certain categories of unemployed claimants were not required to 'sign on' as frequently as at present, significant administrative savings are likely to result.
- Greater flexibility in the conditions attaching to unemployment payments has been introduced on an

experimental basis over the past few years, viz., the Educational Opportunities Scheme, the Part-time Job Allowance Scheme and the provision whereby those on the Live Register can become involved in voluntary or community activity for up to 20 hours a week without affecting their payments. The Agency welcomes this increased flexibility. Each of the two schemes should be made permanent and extended nationwide with some changes. In relation to the Educational Opportunities Schemes, the definition of educational courses needs to be widened to include other general interest courses as well as third-level courses - in the latter case a derogation of fees would be necessary. As regards the community work provision, information on this scheme should be more widely available, both to community groups and the unemployed. Financial assistance with necessary expenses, such as travel, meals or clothing, as provided in Northern Ireland, should also be considered. The Agency also supports the NESC suggestion that claimants should be offered greater choice to 'mix' their sources of income by enabling the social security structure to incorporate earnings from part-time and subsidiary employment.(9)

- Up to now, the poor and the unemployed have not been represented in discussions and decisions about the allocation of resources in this country. While they have frequently demonstrated their concern, it cannot be assumed that the trade unions represent adequately the interests of the unemployed and the poor. The Agency, therefore, recommends the Government to enable the poor and unemployed to be represented on an equal basis with the other social partners in discussions on social and economic policy.
- Although most Governments in recent years have attempted to maintain the value of social welfare payments, they are

not bound by statute to keep rates in line with inflation, in contrast to Great Britain. The Agency recommends that increases in long-term assistance, including long-term unemployment assistance, should be given as a right to the unemployed and perhaps be linked to the Consumer Price Index once they have been raised to an adequate minimum level. This recommendation should be implemented by legislation that makes such an annual increase a statutory obligation on Government.

### Conclusion

The Agency recognises that the gap between the programme as set out and the present range of policies and provision is very wide. It would be unrealistic to expect this to be bridged overnight. Instead, the Anti-Poverty Programme could be introduced in stages, building on the many good elements of the present system. A clear and well-worked out programme is essential if we are to avoid the kind of piecemeal changes that have been equated with reform in the past. Part Two of this submission outlines some changes in the social welfare system that the Agency considers a priority in the short-term.

## RECOMMENDATIONS

That an Anti-Poverty Programme be established to complement the Programme for National Recovery. There are five key elements to this Anti-Poverty Programme.

### 1. Reform of Social Welfare System

- implement recommendations of Commission on Social Welfare
- introduce short term measures (see part 2).

### 2. Reform of Taxation System

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- provide more information on and financial assistance with the voluntary community work option for the unemployed
- allow for representation for poor and unemployed in discussions with Government on a par with the other social partners
- annual welfare increases should be linked by law to the Consumer Price Index once payments have been raised to an adequate minimum level.

## PART TWO

### SOCIAL WELFARE SERVICES: SHORT-TERM MEASURES

In this part of the submission, the main focus is on the social welfare services. The adequacy of payments is considered, as are the needs of certain target groups and general issues relating to service organisation and delivery. The submission also outlines some possible options for the changes that are suggested; here, the focus is on the larger system of resource transfers, including the tax system and the structure of grants and incentives for individuals and the business community.

This submission is set within the context of a changing social welfare system, one to which improvements have been, and are continuing to be, made. Chief among these are the introduction of greater flexibility through the use of experimental educational and part-time work programmes, the continuing drive towards greater efficiency, and efforts to increase the responsiveness of the service to the needs of the consumer. In addition, the introduction of the Family Income Supplement in 1984 was a major development in formally linking income maintenance through the social welfare system and the labour market. It is undeniable that, as a response to poverty, social welfare services significantly improve the conditions of life for the poor and disadvantaged in Ireland. However, there still remain very significant numbers of people who have to survive on totally unacceptable levels of income. To build on the existing foundation, this part of the submission sets out a series of measures that the Combat Poverty Agency identifies as achievable short-term priorities for social welfare provision and its financing.

When deciding on resource re-allocations for the coming year, the Agency recommends that the Government does four things:

- recognise the inadequacy of existing levels of payment
- make special provision for the needs of groups/individuals who are not presently adequately catered for
- increase the responsiveness of the social welfare services to the consumer, while continuing to further improve their quality

- introduce additional ways of financing welfare services.

#### (1) Adequacy of Payments

Given the changing nature of dependence on the social welfare system, existing levels of payment are inadequate. With the growth in long-term unemployment especially, the social welfare population can no longer be considered transient, i.e., moving in turn from the labour market to short-term dependence on social welfare and back to the labour market. People are now having to rely for a longer time on welfare payments, most of which were initially conceived as short-term or temporary. As an example: 79% of all those on Unemployment Assistance are now long-term claimants, i.e., over 15 months. While different rates exist for long and short-term payments, the addition in the case of long-term unemployment payments (+8%) is insufficient to meet long-term needs and also compares unfavourably with other long-term payment rates.

Supplementary Welfare Allowance also has payment rates that are currently inadequate. As the national safety net scheme, the Allowance provides a basic income for people with no other means, and, in special cases, 'supplementary assistance' and 'special needs' payments. While its recipient population is not that large relative to other schemes, what is of most significance about the Supplementary Welfare Allowance is the increase in the number of recipients that has taken place in recent years. Between 1977 and 1985, the number of recipients of the scheme increased by half, while the number of beneficiaries more than doubled; at the end of March 1986, it had over 55,000 beneficiaries. The scheme has generally developed in an incremental way, being adjusted over time to cater for new problems and those arising from shortcomings elsewhere. With regard to adequacy, the scheme is deficient in a number of respects. First, with the lowest rates of payment of all, the scheme offers insufficient provision for those dependent on it, particularly those who are long-term dependants (estimated at

approximately 35% of recipients by the Department). The scheme is also problematic in that, since it is used to provide for loopholes elsewhere in the system, were certain inadequacies to be addressed, the demands on such a scheme would be much less. Delays in processing other claims have a major effect on the numbers in the Supplementary Welfare Allowance scheme: at any one time up to 60% of those on basic payments are awaiting other social welfare payments. A third relevant problem is that many payments now made under the 'Supplements' and 'Special Needs' sections of the scheme are expenses that are both essential and relatively permanent, e.g. mortgage and rent assistance. A survey in the Eastern Health Board area in January 1987 found that almost half of all mortgage supplements paid were for over 12 months duration. Fourthly, the guidelines for the scheme have not been updated in a comprehensive way since it was introduced in 1977, despite the major changes that have taken place in the economy and the social welfare system in the interim. Given these kinds of problem, a review of the functions of the scheme, its guidelines and how it relates to other provision needs to be undertaken.

The Family Income Supplement also needs to be reviewed. That it has failed to achieve anything like its projected take-up is now well-known; only about 6,000 families currently avail themselves of the Supplement, whereas the expected take-up was 35,000. The Agency welcomes the commitment in the Programme for National Recovery to examine the Supplement. The low take-up must reflect problems other than lack of notification or poor public knowledge about it. In the Agency's view, the level of compensatory payment available under the Supplement must also be considered as a factor affecting take-up.

The final area that the Agency wishes to highlight with regard to adequacy is that of non-cash benefits. These benefits are currently limited largely to elderly recipients, with a recent exception made by the extension of the free fuel provision to the

families of long-term unemployed claimants. This is a very welcome and progressive step. The Report of the Commission on Social Welfare illustrated the value of such non-cash benefits to recipients: the free travel allowance had a weekly value at that time of £1.17, the free electricity allowance was worth £2.33 a week. Because the Department can negotiate special rates with the suppliers of these services, all of which are semi-state companies, an overall absolute saving can be achieved on what these services would cost the individual subscriber. Now that the precedent of extending these non-cash benefits to the long-term unemployed has been established, the Agency recommends the Government to do likewise with the other benefits. In addition, the potential for savings through bulk purchase of other services should be examined.

## (2) Target or Special Groups

As presently organised, the social welfare system excludes or inadequately provides for a number of sectors of the population.

Unemployed  
16 - 18 Youth

No specific provision exists for young people in the 16-18 year age group who have never worked, although some provision can be made for them within the Supplementary Welfare Allowance scheme. In the past, many have tended to rely on training programmes as a form of income maintenance. However, the onset of the Jobsearch programme may have acted to 'displace' some of this age group from training provision. Their financial situation as a whole has been adversely affected by the reduction made in trainee allowances earlier this year. In any case, the short-term nature of training programmes and the fact that many young people do not avail of these opportunities means that for many in this age group there is no adequate form of income maintenance. This is a complex problem because of the dangers of attracting young people out of school if a specific income maintenance provision is made for them. At the very least, there needs to be some study and monitoring of employment trends and the financial circumstances of this age group.

Low-Paid

As recognised by the introduction of the Family Income Supplement, poverty is not confined to social welfare recipients. There are many people in the economy in low-paying jobs and the special provision in the Programme for National Recovery for a proportionately larger increase for this sector is welcomed. However, the Programme itself may actually act to increase the numbers in low-paid employment since much of its job creation target is directed at the services sector, which has a relatively high incidence of low-paid employment.

Long-term  
Unemployed

Given the problems outlined in an earlier section of this submission, the long-term unemployed are a group for which special provision now needs to be made. Incremental adjustments of existing schemes are becoming increasingly inadequate as a means of providing for the long-term unemployed and this is highlighted by the fact that payments that are categorised as 'special' - whether under supplementary welfare or Christmas or 'Equality' payments - are essential in meeting regular needs.

Women

Very large numbers of women depend on social welfare payments, either in their own right or as a dependent spouse/relative. A number of difficulties exist in the schemes as they apply to women. Those schemes with the most complex entitlement conditions are 'women's schemes', e.g., deserted wives, prisoners wives, where in each case the claimant has to satisfy quite stringent conditions relating to the position of her spouse and, in the latter scheme, if under 40 she must have at least one dependent child living with her to qualify. Women's inability to satisfy these conditions often creates hardship. In addition, the treatment of dependants, most of whom are women, in the social welfare code needs to be improved. At present, the average dependant ratio is about .6 of the main payment. The rationale for this needs to be reviewed.

Children

Children constitute a huge, if indirect, segment of the social welfare population: in December 1986 almost half a million children were beneficiaries of social welfare payments and 476,149 families received child benefit. At present, 36 different rates of child dependant allowances exist. The research carried out by the Commission on Social Welfare found that families with children dependent on short-term payments fared worst. There is an

urgent need to rationalise the child dependant allowances and to compensate those families that fare badly under the present system.

### (3) Delivery and Organisation of the Social Welfare Services

The Department of Social Welfare's organisation and delivery of services has improved considerably in recent years. The setting up of the executive office - the Social Welfare Services Office - and the application of information technology have enhanced the Department's capacity to cope with the increasing volume of payments while maintaining very low administrative costs - 4%. In addition, the Department has devoted considerable attention to a rationalisation of schemes and to reducing fraud and eliminating duplication. These measures together are expected to yield savings of at least £27m. in 1988.

Despite these changes, a number of barriers and anomalies continue to hamper the efficient operation of the social welfare services. Primary among these are:

- complexities and inconsistencies in provision
- the fact that provision is still not very 'user friendly', either as regards information needs or entitlement procedures
- a lack of consultation.

The welfare services system continues to be alarmingly complex. In this regard the fact that the Supplementary Welfare Allowance is administered from outside the Department by eight different agencies may lead to inefficiencies. The possibility of inconsistencies in the scheme is also large, given its high discretionary element and the fact that there is no formal monitoring procedure involving the Department and the executive agencies. Relatedly, the duplication of means testing is both wasteful and distressing for claimants. To tackle these kinds of problems some form of localisation of service delivery, perhaps in the 'One-stop Shop' form suggested by the Minister for Social Welfare, may be helpful.



A key ingredient in any welfare system is that it be consistent and fair to recipients. The different treatment given by the social welfare system to urban and rural claimants, male and female claimants and existing and new claimants is worrying. Recent changes in provision, e.g., disability benefit, the general maternity allowance scheme, introduce further inconsistencies. The Agency would highlight the fact that identical needs and circumstances should, as far as possible, be treated in a similar manner.

The need to increase the responsiveness of the service to the needs of the consumer is a key priority. A central element here is the provision of adequate information to applicants. In this regard, the Department's new guide is welcome but the notification procedures traditionally relied upon by the Department - information leaflets/booklets, posters in some public offices - are not sufficient. The Community Information Centres have an important contribution to make here, in providing an independent information, advice and referral service to welfare claimants. Continued funding and even expansion of this service is imperative. In addition, specific take-up campaigns, such as that for the Family Income Supplement but with a more localised emphasis, and other more imaginative strategies should be considered.

Delays in processing claims and applications need to be kept to a minimum. When they occur, it should become routine for the applicant to be informed of the reasons. The Appeals System is a vital element in the welfare system. The shortcomings in existing practices, e.g., the failure to explain the original decision, the criteria for means testing, and the close links between departmental personnel and Appeals Officers, have been highlighted by the Commission on Social Welfare. The promised review of the appeals structure in order to ensure that it is perceived to be fair is an important step towards reforming procedures. The appeals procedure for the Supplementary Welfare

Allowance scheme also needs overhaul. There is a number of possibilities here. For instance, it could be included with the Department's general appeals system. Alternatively, it could remain within the health boards but, if this happens, the appeals system for the scheme needs to be reviewed, as was promised when it was originally set up in 1977, for the purpose of regularising appeals.

While the administration of social welfare services is the responsibility of the Department, consultation with and feedback from the users or consumers of the service can make an important contribution. At present, there exist no regular or formal mechanisms (beyond yearly budget submissions such as this) whereby claimants' representatives and other interested parties can make an input to service planning and provision. Feedback and consultation have many benefits for the service, not least of which is the potential they offer for often quite inexpensive improvements in the delivery process and for increased consumer satisfaction. Consequently, the commitment in the Programme for National Recovery to ensuring closer liaison with voluntary organisations in the preparation and implementation of policies in this area is to be welcomed and concrete measures are awaited.

The recommendations of the Agency are set out overleaf. It should be emphasised that these recommendations relate only to the social welfare services and to existing resources. The recommendations arising from Part One are not included here.

RECOMMENDATIONS	ESTIMATED COST OF KEY RECOMMENDATIONS IN 1988
That all adult basic payments be increased to £48 minimum with £29 as the minimum allowance for each dependant adult.	£160m.
The child dependant allowances should be standardised and rationalised at £10 per child for all schemes.	£25m.
The free electricity, free television and free restricted travel provisions should be extended to long-term unemployed families.	£12m.
Additional quarterly payments should be paid to families who are long-term unemployed.	£6m.
The possibility of calculating the Family Income Supplement on net rather than gross income should be considered.	---
Once the basic level is achieved, the principle of giving proportionately larger increases to those on lower payments should be adopted.	---
The dependency ratios currently underlying provision need to be reviewed and further researched.	---
The income maintenance needs of unemployed young people between the ages of 16 and 18 years should be reviewed, especially with regard to making formal provision for them within the Supplementary Welfare Allowance scheme.	---
The conditions attaching to schemes for which only women are eligible should be reviewed.	---
The appeals system should be reformed. Reasons for rejection of decisions should have to be given.	---
The organisation and operation of the Supplementary Welfare Allowance scheme should be reviewed. In particular, the appeals system needs to be overhauled.	---

Priority should be given to developing new administrative arrangements to enable one comprehensive means test to be used for all social welfare services.

A consultative forum along the lines recommended by the Commission on Social Welfare should be set up as a means of implementing the commitment in the Programme for National Recovery for closer liaison with voluntary organisations.

#### (4) Financing

The Agency notes that significant internal savings have been made for 1987 and are planned for 1988 by altering some of the existing schemes and entitlements. We regard it as a priority that increases in the level of payments for 1988 should not be underwritten by these savings. The following are possible ways in which additional revenue can be raised; the combination of these would need to be very carefully worked out in terms of their impact on incomes.

<u>SOURCE</u>	<u>ESTIMATED YIELD IN 1988</u>
Removal of the income ceiling from PRSI	£70m.
Further reduction of mortgage interest relief	£30m.
Set VHI, life assurance and other reliefs against the basic rate only	£10m.
Tax pension funds	£100m.
A wealth tax levy of 4%	£80m.
Effective tax rate of 20% on service industry and 10% on manufacturing industry	£200 - 500m.
A property tax of 1.5%	£300m.
Abolish grants for first-time home purchase	£12m.

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