

Policy Submission

**Submission to the
Consumer Strategy Group**

July 2004



Combat Poverty Agency Submission to the Consumer Strategy Group

Combat Poverty Agency is a statutory agency that promotes a just and inclusive society by working for the prevention and elimination of poverty and social exclusion through policy advice; project support and innovation; research; and public education.

This submission outlines the extent of poverty in Ireland and the interaction between poverty and consumer issues, including the importance of income adequacy and access to goods and services, whether they are privately or publicly produced. The key recommendations made in this submission are summarised below.

Key Recommendations

1. Poverty Proofing
 - We recommend that the Consumer Strategy Group ensures that any national consumer policy is poverty-proofed prior to being introduced.
2. Provision of an Adequate Income
 - We recommend that an immediate priority should be to achieve the NAPS target of a minimum welfare payment of €150 per week (in 2002 terms) for adults.
3. Equality of Access to Public Services
 - We recommend that the range of measures relating to access to public services outlined in the NAPS are implemented as a matter of urgency to ensure that poverty does not affect access to public services.
 - A number of specific measures, for example, increasing medical card thresholds, will also improve access to services for those living in poverty.
4. Affordability of Consumer Goods and Services
 - The Government must ensure that charges for utilities are affordable and, in particular, ensure that utility providers cannot increase the cost of their services significantly in excess of inflation, as these increases have the greatest impact on those whose incomes are low.

- A review of affordability and access to consumer goods for those living in poverty should be a priority.

5. Advice and Support

- We welcome current approaches to provide information and advice to consumers and would support the appropriate development of these services.

6. Importance of Redress

- The development of fair, accessible and affordable mechanisms for consumer redress should be a priority.

Understanding the Nature and Extent of Poverty

The National Anti Poverty Strategy (NAPS)¹ defines poverty as *‘People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living that is regarded as acceptable by Irish society generally. As a result of inadequate income and resources, people may be excluded and marginalised from participating in activities that are considered the norm for other people.’*

This definition has a clear implication for the Consumer Strategy Group, namely that in order to prevent exclusion and marginalisation, all individuals must be able to access not just basic goods and services, but a range of consumer goods that are considered the norm in society. Thus, any national consumer policy should ensure that all consumers have a choice of goods and services regardless of their circumstances.

There are two common measures of poverty – relative income poverty and consistent poverty. In 2001, 21.9 per cent of people were living below 60 per cent median income – equivalent to €164 per single person per week (relative income poverty). In the same year, 4.9 per cent of individuals were living in consistent poverty, that is living below 70 per cent median income (€192 per week for an adult) and experiencing basic deprivation². NAPS sets out a target to reduce the numbers who are ‘consistently poor’ below 2% and if possible eliminate consistent poverty under the current definition. Achieving this goal will mean everyone in society being able to afford and have access to a range of basic consumer goods (food, clothing, heating) without experiencing debt or relying on charity.

Poverty Proofing

Poverty proofing is a mechanism for evaluating the impact of policies on those living in poverty. **We recommend that the Consumer Strategy Group ensures that any national consumer policy is poverty-proofed prior to being introduced.**

Provision of an Adequate Income

As described above, in 2001 (the most recent data available), almost 5% of people in Ireland had an income of less than €192 per week (for adults), and could not afford basic lifestyle items such as new, not second hand clothes, a warm waterproof overcoat, a meal with meat fish or chicken every second day and/or experienced debt problems arising from ordinary living expenses. Whilst these are the most extreme cases, poverty limits the ability of many in society to afford goods and services. Given this, **we recommend that an immediate priority should be to achieve the NAPS target of a minimum welfare payment of €150 per week (in 2002 terms) for adults.** Beyond this target, the government should consider developing minimum income standards, building on ongoing studies by both Combat Poverty Agency and the Vincentian Partnership for Justice.

Equality of Access to Public Services

Both the National Anti Poverty Strategy (NAPS) and the National Action Plan against Poverty and Social Inclusion³ highlight access to services as a key objective in addressing poverty and social exclusion. In particular, NAPS makes a commitment to moving towards formal expressions of entitlements to services and to setting standards and guidelines regarding the standard of service delivery. Combat Poverty endorses the view that linking rights with standards is the most effective way of achieving the goal of poverty elimination.

Whilst many of these services are free at point of use, many including health services incur charges. In addition, some free services, (for example, education) have hidden costs, and equal access requires additional payments, often in the form of voluntary contributions. These costs can be a major financial burden for those living in poverty and can result in debt.

Another issue is that access to public services is often limited for many individuals living in poverty. For example, whilst, approximately one-third of the population is eligible for means-tested medical cards and entitled to free healthcare and prescription medication, access to services is not guaranteed by the medical card and those with low incomes frequently face long waiting lists for

treatment. In contrast, those with private medical insurance often face shorter waiting times and have greater choice about their treatment⁴. In addition, entitlement to the medical card is dependent on a wide range of factors, and some low-income households have no entitlement.

Public services are of crucial importance to those living in poverty as they are often their only option. For this reason, it is essential that these services are accessible to all, are high quality and are delivered in an integrated way. **We recommend that the range of measures relating to access to public services outlined in the NAPS are implemented as a matter of urgency to ensure that poverty does not affect access to public services.**

A number of specific measures, for example, increasing medical card thresholds, will also improve access to services for those living in poverty.

Affordability of Consumer Goods and Services

Low incomes, poor local facilities and lack of transport can adversely affect access to privately produced goods and services for those living in poverty. In particular, we would like to highlight two areas of concern – basic utilities and food. Access to these basic needs can be compromised by poverty.

In *Against All Odds*⁵, Daly and Leonard found that the families they interviewed often fell into arrears because of utility bills, especially those that are not paid weekly. Utility charges account for a higher proportion of income for households living in poverty and paying charges can place a significant burden on these households. Particular areas of concern include waste management charges⁶ and fuel poverty⁷. We have recommended the introduction of a national waiver system for waste management charges and Healy (2003) recommends the roll-out of low-income housing retrofit programmes to address fuel poverty.

More generally, the Government must ensure that charges for utilities are affordable and, in particular, ensure that utility providers cannot increase the cost of their services significantly in excess of inflation, as these increases have the greatest impact on those whose incomes are low.

Recent research⁸ has shown that while low income households spend a relatively higher share of their income on food, they have difficulties accessing a variety of good quality, affordable food. In addition, financial and physical constraints restrict low income households in choosing healthy food options. The

report makes a number of recommendations to improve access to food for low income households including:

- Providing adequate financial resources for food consumption, supplemented by direct food provision where appropriate;
- Ensuring good quality, affordable food is accessible;
- Supporting bottom-up approaches to food provision and consumption;
- Improving the quality and extent of food distribution and provision.

Whilst this study focused on food, access to other goods and services are likely to be inhibited by the same problems, and therefore, **a review of affordability and access to consumer goods should be a priority.**

Advice and Support

The availability of information and advice to consumers is vitally important, and is particularly important in the case of low-income households, whose resources and options are limited. **We welcome current approaches to provide information and advice to consumers and would support the appropriate development of these services.**

Importance of Redress

Lack of resources and lack of information about consumer rights often mean that individuals living in poverty have fewer options in seeking redress. **The development of fair, accessible and affordable mechanisms for consumer redress should be a priority.**

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¹ Government of Ireland (2002). *Building an Inclusive Society: Review of the National Anti-Poverty Strategy under the Programme for Prosperity and Fairness*. Dublin: Stationery Office.

² The basic deprivation items are new not second hand clothes; a meal with meat, fish or chicken every second day; a warm waterproof overcoat; two pairs of strong shoes; a roast or its equivalent once a week; had day in the last 2 weeks without a substantial meal; had to go without heating during the last year through lack of money; and experienced debt problems arising from ordinary living expenses or availed of charity.

³ Office for Social Inclusion (2003). *National Action Plan against Poverty and Social Exclusion 2003-2005*. Dublin: Stationery Office.

⁴ Combat Poverty Agency (2004). *Poverty Briefing 15: Poverty and Health*. Dublin: Combat Poverty Agency.

⁵ Daly, M. and Leonard, M. (2003). *Against All Odds*. Dublin: IPA and Combat Poverty Agency.

⁶ Combat Poverty Agency (2003). *Waste Collection Charges and Low Income Households: Policy Statement*. Dublin: Combat Poverty Agency.

⁷ Healy, J. (2003). *Fuel Poverty and Policy in Ireland and the European Union*. Dublin: The Policy Institute, Trinity College Dublin in association with Combat Poverty Agency.

⁸ Friel, S. and Conlon, C. (2004). *Food Poverty and Policy*. Dublin: Crosscare, Society of St. Vincent de Paul and Combat Poverty Agency.