

Policy Submission

Proposals on Supporting Lone Parents

Comments on Government Discussion Paper

May 2006



COMMENTS ON GOVERNMENT DISCUSSION PAPER
'PROPOSALS FOR SUPPORTING LONE PARENTS'

30th May 2006

I. Introduction

- 1.1. Combat Poverty welcomes the opportunity to comment on the recently launched Government Discussion Paper, *Proposals for Supporting Lone Parents*. Combat Poverty welcomes the proposals as a whole, being visionary in nature and with a clear focus on poverty alleviation. Combat Poverty agrees with the principles underpinning the paper's approach but it is the opinion of the Agency that these principles need to be followed through into specific, concrete proposals that have a strong anti-poverty focus.
- 1.2. In particular, Combat Poverty welcomes the commitment made in the Discussion Paper to addressing child poverty, supporting families, and promoting financial independence and individualisation. The move towards a paradigm of active supports, rather than passive payments, is also to be welcomed.

II. Key Fundamentals for Combat Poverty

- 2.1. The core value of these proposals should be to address poverty among lone parents and children. Lone parents demonstrate one of the highest poverty risks in Ireland (48.3% in relative income poverty and 31.1% in consistent poverty), and children also have an elevated risk of poverty (21.2% in relative income poverty and 9.5% in consistent poverty)¹.
- 2.2. Combat Poverty asserts that any proposals that aim to lift lone parents and children out of poverty must consider:
 - Income adequacy;
 - Educational supports both for those still in full-time education as well as those returning to formal education and training;
 - Transition to work and the elimination of poverty traps;
 - Genuine progression in work and career opportunities;
 - Some degree of flexibility in the implementation of new proposals.

III. Main Concerns to Be Addressed by the Proposals

- 3.1. ***Complementary Reform of Child Income Support:*** In order to maximise the effectiveness of the proposals in reducing poverty among lone parents, there is an urgent need to develop in tandem a new employment-neutral second-tier income support for low-income families to address the facts that (a) Child-Dependent Allowances (CDAs) have remained frozen since 1994, and (b) that take-up of the Family Income

¹ Using the latest (revised) figures for 2003 from the Central Statistics Office, available at: www.cso.ie/eusilc

Supplement remains unacceptably low, at between 30%-40%². At the minimum, there should be an increase in CDAs, as these target the most vulnerable households in society.

- 3.2. **Adequate Supports Put in Place:** While the proposals score well on positive activation measures, more consideration needs to be given to service provision and supports for lone parents in making the transition to work. These supports should be integrated. To ensure this occurs, all relevant government departments and agencies need to be included in both the development of such supports and their roll-out, especially FAS. This may entail a change in the way in which such bodies deliver services towards a more case-management approach with a stronger client focus. A key emphasis needs to be placed on targeted educational and training supports and childcare supports for low-income families. A greater degree of flexibility than is currently in place may be required to maximise the effectiveness of the proposals. **The provision of adequate supports will be critical to the success of these proposals.**
- 3.3. **Vulnerable Lone Parents Not Forced into Work:** It is important to identify the 40% of lone parents not currently in employment and to investigate their needs. Previous work by Combat Poverty identified lone parents in Ireland as having among the highest replacement rates and levels of marginal taxation in the EU. This creates poverty traps and these must be addressed comprehensively by the new proposals. Much more detailed analysis is required of actual welfare-to-work transitions for individual cases to ensure no lone parent is left worse off as a result of these proposed reforms. In particular, poverty traps related to medical card income thresholds and the rental accommodation scheme need to be ameliorated. Furthermore, employers' support is required to bring about greater flexibility in working patterns which will be of benefit to lone parents.
- 3.4. **Voluntary Approach:** Experience shows that schemes tend to work better when they are voluntary in nature, and provide some degree of incentivisation. Compulsory schemes can create antagonism between the individual and the State, so it may be useful to consider some form of model based on a mutual obligation contract between lone parents and the State. In addition, the idea of a participation income should be promoted.

IV. Additional Issues to Be Addressed

- 4.1. **Age of the Child:** There appears to be an age-related poverty trap inherent in the proposals, which manifests itself when the children of lone parents turn eight years of age and the Parental Allowance is

² Combat Poverty Agency (2005). *Ending Child Poverty Policy Statement*, Combat Poverty Agency: Dublin.

withdrawn. The application of a limitation rule when this allowance ceases needs to be re-considered.

- 4.2. **Widowed, Separated Lone Parents:** Under the proposals, newly widowed or separated lone parents will receive the Parental Allowance for just one year. Consideration should be given to the adequacy of this time period.
- 4.3. **Qualified Adults:** The proposals appear to give rise to a situation in which qualified adults and widows with no or older children, and who are on means-tested benefits, will lose their Parental Allowance unless they are available for work. This could result in an overly punitive system, especially for those women who had to leave work because of the 'marriage bar'. Again, some degree of case-management and flexibility should be built into the proposals to ensure a reasonable and fair application of this rule.

V. Conclusion

- 5.1. Overall, Combat Poverty supports the reforms recommended in the Government Discussion Paper. The move to a payment for parents which is 'family status-neutral' is a positive step forward.
- 5.2. However, it is imperative that second-tier child income support and targeted educational and training supports are improved in tandem with the implementation of such proposals in order to maximise their effectiveness in tackling poverty among lone parents and children.
- 5.3. Clearly, this will require that resources are provided up front in the areas of jobs' facilitators, childcare supports, and increased and targeted investment in early education and training supports.
- 5.4. Combat Poverty welcomes the fact that a poverty impact assessment was undertaken on the income support proposals in the Government Discussion Paper and we recommend that a full impact assessment should be carried out on the full range of final proposals.
- 5.5. The proposals will also require a strong implementation plan. Combat Poverty suggests an implementation group comprising of the relevant government departments and agencies and lone parent organisations. A phased implementation could be considered, based on a resourced action plan.
- 5.6. Finally, it would be useful to incorporate children's perspectives via their input into an implementation group. This could be administered and co-ordinated through the National Children's Office (now the Office of the Minister for Children).