

# Budget 2017

## Pre-Budget Submission for Department of Social Protection

### National Women's Council of Ireland

July 2017

## Introduction

Established in 1973, the National Women's Council of Ireland (NWCi) is the leading national women's membership organisation in Ireland. NWCi seeks full equality between men and women and we draw our mandate from a membership of over 180 groups and organisations across a diversity of backgrounds, sectors and locations. We also have a growing, committed individual membership.

NWCi engage with the Department of Social Protection on a regular basis and have produced many policy submissions and in-depth publications on key areas of social protection policy, including Careless to Careful Activation (2013) and Pensions: What Women Want (2008).

This pre-budget submission highlights key issues relevant to the Department of Social Protection (DSP) as part of NWCi's wider engagement in the new budgetary process.

## Social Protection and Social Cohesion

Social Protection is not just a safety net, it is the foundation of a healthy society, based on principles of solidarity and redistribution. As well as providing an essential safeguard against poverty, it plays a crucial role by investing in Ireland's people and in the security, equality and inclusion essential to sustainable growth and social cohesion.

CSO figures from recent years tell us that half of all households in Ireland would be at risk of poverty were it not for social transfers. We all rely on the social protection system at different points across our life cycle. While there has been a stronger focus on employment activation in recent years, social protection also plays a crucial role for the many thousands of citizens not 'of working age', those with limited capacity due to a disability and crucially and those whose unpaid care contributes so much to our society and economy.

The Department of Social Protection also represents the 'frontline of Government' for many citizens and is often called on as point of delivery for policy decisions from other departments. DSP is therefore uniquely placed to shape a positive relationship between citizens and the state and ensure qualitative and quantitative evidence are brought to bear in Government decision making.

## Context and Choices

Recent years have seen some recovery in the Irish economy with increased growth and reduction in unemployment rates to 7.8%. Yet worrying deprivation levels, a doubling of consistent poverty rates from 4% to 8% and abnormally high income inequality remain as serious concerns.

Recession and austerity have had a disproportionate economic impact on women in Ireland. The Gender Pay Gap has widened from 12.6% to 14.4% while the Gender Pension Gap has widened from 35 to 37%. ESRI research has shown that women in couples suffered a 14% loss in income during the recession compared to 9% for men. A majority of low paid part time workers are women. Already vulnerable groups have suffered some of the worst impacts with 58% of lone parents, mostly women, experiencing deprivation and 22% in consistent poverty rates.

NWCI welcome the recognition in the Programme for Partnership Government (PFIG) that “economic repair must now be complemented by social repair”. We also welcome the commitment to devoting two thirds of budgetary spend Public Investment versus one third on Tax measures. This comes after too many years of a deep imbalance in the other direction. Priority must now be given to reversing unsustainable cutbacks, investing in services and staff, repairing our social fabric and delivering the solid groundwork needed for a more equal and sustainable future, including an affordable, accessible childcare system.

Budget 2017 provides an opportunity to deliver tangible results for the current and future generations of citizens who rely on our shared public services and social infrastructure. It is crucial that there is no roll back on this commitment. Indeed, if developments such as Brexit contribute to a reduction in fiscal space, proposed tax reductions should be set aside in favour of the urgent task at hand to rebuild our public services.

NWCI believe that tax concessions do not represent the most strategic use of hard earned public funds. Certainly there is need for a rigorous cost/benefit analysis of all such expenditure and it is notable that the cost-neutral test frequently invoked in relation to public investment such as social housing is rarely applied to tax concessions.

Given the job of repair ahead of us we certainly cannot afford to continue inequitable marginal rate tax reliefs which benefit the wealthiest and in an unpredictable economic climate we should also be wary of any hollowing our counter-cyclical income tax base.

NWCI believe the best way to improve take home incomes is to do so at source by raising wages and taking action against precarious, low paid work. Decent work for decent pay not only puts more money back into the local economy right across the country, it also eases pressure on the social protection system.

In the summary recommendations set out here and in the more detailed proposals that follow, NWCI set the immediate priorities and payments which we believe must be addressed in Budget 2017, and also some of the areas where we believe investment and research could pay long term dividends. NWCI believe in the importance of DSP’s voice at Government level and therefore we

also highlight some wider concerns and opportunities on which we hope that voice might be heard.

## Key Recommendations

### Within Department of Social Protection

- Maintain commitment and resourcing for Social Impact Assessment for Budget 2017
- Designate specific budget line within DSP for delivery of gender and equality commitments.
- Fund and deliver a full gender audit of DSP policy, structures and services in line with Public Duty.
- Ensure Gender Pension Gap is centre stage in pension policy development during 2017
- Resource independent research and open public consultation on a 'Universal Pension'.
- Address inequities in First Tier Pension system before developing any new supplementary system
- Introduce promised Homemakers Credit, backdated to 1973 to also serve as re-entry credit.
- Fund research into modern Care Credit system, based on best international practice.
- Reverse cuts to Reduced Rate Contributory State Pension. Facilitate easier voluntary contributions.
- Ensure effective rollout and public promotion of 2 weeks' Paternity Leave.
- Demand extension of ECCE hours from 15 to 20 per week and year round contracts for workers. In interim, facilitate smoother transition to jobseeker payments during summer months.
- Extend subsidised childcare places to lower-income families in all services, extend and reform Community Childcare Subvention. Support out of school hours childcare and Breakfast Clubs
- Increase or Maintain Child Benefit. Remove Habitual Residency Condition as condition of access.
- Initiate urgent review of current one parent family policies, consult with families and civil society.
- Attach strong quality and social criteria, clauses and conditionality to employer incentive schemes
- Restore Reduced Rate Contributory Pension and under 25's Jobseekers Allowance.
- Increase payments to adults in Direct provision system as recommended by McMahan Report.
- Review HRC and its impact on migrant and Traveller women and women affected by violence.
- Deliver training for frontline staff and case workers around domestic violence in all its forms.
- Ensure speedy and effective access to DSP payments and supports for all leaving violent situations

### Wider Picture

NWCI recommend that DSP use its voice in Government to support and champion...

- Dedication of two thirds of Budget 2017 to Public Investment and only one third to tax measures.
- Embedding of gender and equality proofing in new Budget process, with strong role for civil society.
- Full cost/benefit analysis and progressivity test for all tax expenditure
- An increase in Minimum Wage and Cross-Departmental initiatives to promote the 'Living Wage'
- Attachment of social clauses to all Public Spending arising from Budget 2017
- Delivery of 'Equality Statement' to accompany Budget 2017, as is practice in Scotland.
- Restoration of funding for NWCI and sustainable resourcing for grassroots women's organisations
- of marginal tax reliefs for private pensions, with resources redirected to public pensions.
- Increased emphasis on Europe 2020 goals rather than narrow focus on short-term fiscal targets.
- Increased public investment in quality affordable, accessible early years and childcare.

- Resources to meet Istanbul Convention standards and restoration of funding to frontline and advocacy work on domestic violence and violence against women.

# Embed Equality and Gender Proof the Budget

NWCI believe that a more equal society is not an aspirational idea which might eventually be achieved through the overspill of a 'trickle down' economy, rather it is the core foundation upon which any sustainable economy must be built. We have long argued that indicators such as deprivation levels, risk of poverty and the gender pay gap are the real tests of economic policy.

NWCI therefore strongly welcome the PFPG commitment to equality and gender proof the budget process. We believe DSP should be an active player in ensuring that these new mechanisms are meaningfully developed and delivered, building on the Department's previous track record in championing processes such as poverty proofing or Social Impact Assessment. Given DSP's own record of constructive research and consultation, we hope that you will champion the importance of civil society engagement in any new budgetary process. The involvement of women in the Scottish Budget Advisory Group has, for example, been crucial to the success of equality budgeting in Scotland.

Scotland also produces an annual Budget Equality Statement and NWCI believe Ireland should produce a similar statement to accompany Budget 2017 as a step towards full equality and gender proofing in 2018.

NWCI would also like to see DSP show leadership in 2017 by designating a specific budget line for implementation of the new Public Duty on Equality and Human Rights and conducting a full Departmental Gender Audit. Such a budget line could also support examination of what the new Sustainable Development Goal indicators and targets might mean for DSP.

It is moreover, crucial that established and longstanding commitments, too often left aside during the recession, are not again forgotten in the recovery. These include our Commitments under Europe 2020, The National Anti-Poverty Strategy (NAPS) and of course The National Women Strategy.

## Recommendations

- DSP should play a key role in ensuring gender and equality proofing embedded in Budget process as promised in PFPG, while also championing role of civil society in that process.
- As first step, an 'Equality Statement' should accompany Budget 2017, as is done in Scotland.
- Maintain commitment and resourcing for Social Impact Assessment for Budget 2017
- Designate specific budget line within DSP for delivery of gender equality commitments under Positive Duty for Public Bodies, Europe 2020, NWS and PFPG.
- Fund and deliver a full gender audit of DSP policy, structures and services in 2017.
- Resource an in-depth gender analysis of activation and pension policy.
- Support restoration of funding for NWCI and sustainable resourcing for grassroots women's organisations and thereby strengthen policy engagement and consultation
- At EU level, champion stronger focus on Europe 2020 goals versus short-term fiscal targets.

# Close the Gender Pension Gap

Ireland's Gender Pension Gap has recently widened further to 37% and the PFIG has rightly identified closing of that gap as a priority. NWCI are very keen to be partners in the delivery of that goal, having previously published substantial research and made detailed submissions on this subject. NWCI believe a Universal Pension as the best way to support equality in older age and progress towards this goal must be initiated in 2017. In the interim, there are gaps and inequities in the first tier of our pension system which need urgent attention. This job of repair must, we believe, be given greater priority than the introduction of any new or supplementary tier.

Currently, 84% of those receiving a full State Contributory Pension are men, and while this payment was protected during the recession, the Reduced Rate payments, on which a majority of women rely have been steadily eroded. The fact that only 16% of women receive the full contributory rate reflects both the legacy of the marriage bar and a system poorly designed to support individual entitlement or recognise care. Rather than address these inequalities, we have allowed them to deepen in recent years by increasing contributory thresholds and even making it harder to purchase voluntary credits.

A key priority for Budget 2017 must be the long overdue delivery of 'Homemaker's Credit' or 'Care Credit', applicable for up to ten years and applied retrospectively back to 1973. This practical recognition of the social and economic contribution of care should also serve as a Re-Entry credit, ensuring that those looking to re-enter the workforce after a period spent caring can access training, educational or employment supports from their local Intreo office.

Budget 2017 should decisively end Marginal Rate Tax reliefs on Private Pensions as they have been shown to be ineffective and inequitable, with disproportionate benefit for higher earners. As women tend to be lower earners, these tax reliefs also widen rather than narrow the gender pension gap. The public monies saved should be redirected into the public pension system.

## Recommendations

- Prioritise the narrowing of the Gender Pension Gap in pension policy development during 2017
- Resource open public consultation on a 'Universal Pension'.
- Prioritise correction of the gaps and gender inequalities in First Tier Pension system over development of any supplementary system
- Introduce promised Homemakers Credit, backdated to 1973. Initiate Research into a modern care credit system, based on best international practice.
- Make special provision within Care Credit system to ensure lifetime carers (those caring in excess of 20 years) are entitled to a fair Contributory State Pension when they reach retirement age.
- Ensure Homemaker's or Care Credit also serve as Re-Entry Credit, facilitating access to employment, training and education supports.
- Conduct Gender Impact Assessment on changes to Contributory Pension and Voluntary Contributions and Reverse cuts to lower bands of Reduced Rate Contributory State Pension
- Facilitate easier access to voluntary contributions.

# Strengthen Economic Independence

Over recent years our Social Protection system has introduced significant change in relation to employment activation. However, it unfortunately failed to challenge many of the embedded assumptions which lead to gender inequality. The all or nothing approach which demands full-time availability and a strong emphasis on mandatory over voluntary activation have had a serious toll on economic independence and access to opportunity for many women.

Ireland has thousands of Qualified Adults who are not only distant from the labour market but from the social protection system itself, 90% of them are women. Some are in what is described as 'jobless households' yet they cannot access training or supports without committing to full time availability.

DSP should ensure that in 2107 it reaches out and engages these women in their own right. It is crucial however that people be invited rather than compelled. As highlighted in NWCI's publication 'Careless to Careful Activation', positive supports are far more effective than sanction in bringing people into sustainable employment and recognition of care responsibilities is also crucial.

In addition to the care-credit or re-entry credit discussed elsewhere in this submission, DSP might consider widening access to the Job Seekers Transitional Payment. Development of a wider range of quality part time education, training and employment opportunities is also crucial, as is access to childcare supports.

The principles of voluntary engagement and support rather than sanction are also crucial in relation to any activation initiatives designed for people with a disability.

One positive measure for women's economic independence is the recently transposed EU directive requiring family business owners to pay PRSI for a contributing spouse. However, DSP should work with Revenue to raise public awareness of this obligation and the opportunities it might open up.

## Recommendations

- End the limitation rule and promote administrative Individualisation at first point of contact
- Deliver Homemakers Credit, retrospective to 1973, and initiate research into a modern Care Credit system. Ensure this also serves as a Re-Entry credit.
- Develop options for extension of Jobseekers Transitional payment to Qualified Adults and other groups who may have partial availability.
- Actively invite women into the system and widen voluntary access to high-quality activation opportunities to Qualified Adults and others outside the Live Register.
- Develop and pilot a wider range of quality part time voluntary activation initiatives.
- Extend access to DSP childcare schemes to Qualified Adults.
- Ensure that all activation of parent caregivers remains voluntary, certainly until a comprehensive public childcare system is in place.
- Promote public awareness of new obligation to pay PRSI for spouses in family business.

## Invest in Families

Care always costs and it is usually women who absorb those costs, often in reduced incomes or loss of economic independence. Paternity Leave for fathers, to be delivered through DSP, is an important step forward in the recognition and sharing of care, the next step is a timeline for paid Parental Leave. Partial restoration of Child Benefit over the last two years has also been widely welcomed and must be sustained. Habitual Residency should be removed as a condition for Child Benefit to ensure all children are supported.

Childcare must be recognised as essential social infrastructure, without which sustainable progress or gender equality cannot be achieved. Ireland still lags behind the rest of the world, investing less than half the OECD average in early years. Budget 2017 needs to scale up investment in publicly subsidised, affordable, accessible quality early years and childcare. Quality must include decent conditions for those working in this area. Currently many ECCE workers are unemployed for three months of each year. With ECCE limited to 15 hours per week, most childcare workers do not qualify for Family Income Supplement. This also affects parents hoping to re-enter the workforce. DSP should address these issues in Budget 2017.

Almost 20% of children currently live in households where incomes are below the poverty line. Family Income Supplement plays a crucial role for many and its reach could be extended. While there has been some discussion around potential development of a new Working Family Payment, it is crucial that any such measure would be properly considered, piloted and resourced to ensure it does not impact negatively on more vulnerable households such as larger families or one parent families. Far too many families currently live in Direct provision. While NWCI ultimately hope for abolition of this shameful system, Budget 2017 must certainly deliver a significant increase in the paltry weekly adult payment.

### Recommendations

- Ensure effective rollout and public promotion of 2 weeks' Paternity Leave.
- Support increased public investment in quality affordable, accessible early years and childcare.
- Demand extension of ECCE hours from 15 to 20 per week and a move to year round contracts for workers. In interim, facilitate smoother transition to jobseeker payments during summer months.
- Extend subsidised childcare access to lower-income families, reform Community Childcare Subvention
- Increase support for accessible and affordable out of school hour's childcare and Breakfast Clubs
- Increase or Maintain Child Benefit and Remove Habitual Residency Condition as a condition for access.
- Ensure no parent is pressed to accept a job without 19 hour guarantee as a 'reasonable offer of work'.
- Increase weekly payments for both adults and children in Direct Provision in Budget 2017

## Support One Parent Families

One in four households with children in Ireland are one parent families. Amongst these families 58% experience deprivation rates while 22%/ Serious concern has been expressed right across civil society that the policy direction taken by DSP in recent years may exacerbate rather than relieve the difficulties faced by this already vulnerable group. An urgent review of overall policy in this area is needed in consultation with civil society and the families themselves. An audit should also be conducted into the economic and social impacts of the transition of thousands of women out of One Parent Family Payment (OFP) over the last two years.

In the short term, Income Disregard (ID) should be restored for those on OFP and voluntary access to Intreo schemes increased. Women on JST and working should have access to ID or FIS and those in education should qualify for SUSI grants. Lone Parents on JA must be supported and their caring role recognised.

## Recommendations

- Initiate review of current one parent family policies, in consultation with families and civil society.
- Deliver audit of economic and social impact of recent large scale transitions from OFP.
- Reverse cuts to Income Disregard and ensure access to ID or FIS for lone parents on JST.
- Introduce specific measures to support lone parents on JA with child under 18.
- Ensure lone parents on JST have access to SUSI grant for duration of course.
- Make reducing deprivation and child poverty levels in one parent families a priority in Budget 2017

## Value Our Young People

Recent years have seen the loss of hundreds of thousands of Ireland's young people to emigration and a steady majority of emigrants under 24 years old have been women. NWCI believe that payment cuts, precarious work and the loss of entry level jobs to internship culture are potential drivers of emigration and would like to see DSP deliver strong gender sensitive research into this question.

Reduced rate payments for under 25's must be reviewed and restored. The ending of Jobbridge is to be welcomed as it was open to exploitation and contributed to a culture of low or no pay work for young people. However new quality initiatives must now be resources and introduced, with proper attention to gender proofing. It is regrettable that high quality initiatives such as those developed in Ballymun as part of the European Youth Guarantee have faced insecurity over funding when they should instead be seen as central to the scaling up and spreading out of good practice. The next stage of the European Youth Guarantee should emphasise quality and options for all young people, including those not on Jobseeker's Allowance and it would also be positive to see tailored initiatives rolled out for young people in rural areas.

It is important to recognize that many young people who may not be working are still actively contributing by participating in their communities and some may even be carers. Special supports should be targeted to young carers to help them balance that care with their own development.

## Recommendations

- Allocate additional public resources to extension of EYG (rather than reroute existing resources)
- Review and Restore Jobseekers Allowance for under 25's, beginning with full payment for those on employment, education or training schemes.
- Promote holistic approach to European Youth Guarantee with emphasis on quality and options.
- Fund research into possible drivers of emigration including payment cuts/precarious work.
- Extend Free Travel Scheme to include young people in receipt of Domiciliary Care Allowance.
- Increase hours carers can study/work while receiving social welfare from 15 to 18.5 hours a week.

# Deliver Decent Work

Ireland's Gender Pay Gap has widened from 12.6 % to 14.4% in recent years. Sectors where women have been at the frontline of aggressive casualization and the erosion of pay and security. CSO figures tell us that in 2014 50% of women workers earn €20,000 or less, sectors where women predominate at the frontline of aggressive casualization and a majority of part-time low paid workers are women. These concerns have been reflected in research commissioned by the previous Government from the University of Limerick and in the reports of the Low Pay Commission(LPC). It is notable and welcome that the PFPG has committed to strengthening the LPC "to reflect in-work poverty and the gender pay gap". An important LPC report into the specific issues faced by women in low pay is due for publication in November, and resources should be allocated in Budget 2017 to ensure DSP has the flexibility to respond to any recommendations that emerge.

DSP should also ensure that the PFPG commitment to an LPC focus on unacceptably levels of in-work poverty is not lost or forgotten. Precarious work and low pay not only place a huge pressure on individuals, they also place pressure on our social protection system. With workers currently make up a shocking 18% of adults at risk of poverty, there and is no doubt that without social transfers and in-work payments such as FIS, many households would not be able to cope.

It is important that workers facing unpredictable schedules are not penalised by the Social protection system and payment structures and rules need to recognise that for many individuals, structuring or increasing the days or hours worked is not in their control. It is also important however that the system does not reward companies engaging in negative practice. Stronger scrutiny should be attached to the companies seeking to benefit from DSP employer incentive schemes. DSP should also seek the attachment of strong social clauses and employment standards to all Public Spending arising from Budget 2017. Where public monies are spent on Procurement, Grants or investment it should come with an expectation of decent work.

DSP can also play a more active role in tackling the underlying problem of low pay and precarious work by demanding that adequate resources are allocated to implement the recommendations of the University of Limerick in relation to regulation of practices such as if and when contracts.

## Recommendations

- Monitor and review Job-path initiative, including consultation with those it serves.
- Gender-proof any new activation initiatives and review their impact before scaling up.
- Ensure no-one required to accept insecure, non-fixed hour jobs as 'reasonable offer of work'
- Recognise atypical work patterns by calculating unemployment on hours rather than days per week
- Maintain or increase in-work income supports such as Family Income Supplement (FIS).
- Increase the earnings threshold for access to FIS and review the hour's threshold.
- Actively champion an increase in Minimum Wage and an LPC focus on In-Work poverty.
- Drive Cross-Departmental cooperation to promote 'Living Wage' through policy and practice.
- Designate DSP resources for 2017 to respond to Low Pay Commission's pending report on women.
- Support resources and regulation to deliver University of Limerick Recommendations.
- Support legislation and regulation to tackle if and when contracts and support Banded Hour contracts
- Attach social criteria, clauses and conditionality to Employer incentive schemes
- Demand attachment of strong employment standards and social criteria to all Public Spending arising from Budget 2017 including procurement, grants and investment

# Tackle Violence Against Women

Violence against Women goes to the heart of equality for women and the DSP has a critical role to support women moving out of violent relationships and gaining economic independence. Research by Women's Aid has found that lack of a place to go and financial dependency on the perpetrator are two of the main reasons why women do not leave violent partners. There is real danger that an inadequately responsive social protection system could be an obstacle to those seeking to leave an abusive situation. A number of practical measures could be taken by DSP to address those concerns. Ireland has now signed the Istanbul Convention and as we prepare for ratification, NWCI are calling on the DSP to support the allocation of budgetary resources across all relevant Departments to restore and improve services and supports and ensure that Ireland can meet the necessary standards and targets.

## Recommendations

- Deliver training for frontline staff and case workers on domestic violence and abuse in all its forms.
- Facilitate immediate switching of benefit entitlement when separation due to domestic violence.
- Support women formerly registered as 'qualified adults' to quickly establish individual benefit claims with due sensitivity to difficulties around means testing when separation is due to violence.
- Consider potential impact of policy (e.g. OFP) on women seeking to leave abusive situations.
- Offer flexibility on Rent Allowance levels to those transitioning from an abusive situation.
- Offer HRC exemption to women experiencing violence and direct Community Welfare Officers to grant essential support to those leaving abusive regardless of HRC status.
- Support restoration of funding to organisations delivering frontline and policy work on violence against women and increased resources to ensure Ireland meets Istanbul Convention standards.

## Review and Restore Core Payments and Supports

Lastly, but importantly, NWCI believe Budget 2017 is an opportunity to review and restore payment levels for those relying on Social Protection, in line with the restoration of movement in other areas of the economy and recognising the disproportionate impact which the recession has had on those on lower incomes. Moreover, in addition to a rising cost of living, many households are facing an increase indirect charges which further erode their financial resources.

The first priority must be the restoration for those who experienced a cut in payments, including the reduced rate contributory pension and payments for those under 26. However, with recent research from Social Justice Ireland highlighting that many of those relying on Social Protection payments are now below the poverty threshold, it may now be time for an incremental increase across all payments. Benchmarking and a link to Minimum Essential Standards of Living (MESL) should also be considered.

## Recommendations

- Review Current Payment levels and plan for restoration or incremental increase
- Consider benchmarking of payments and stronger link to MESL
- Begin restoration of Reduced Rate Pensions and Jobseekers Allowance for those under 26.
- Increase Carer's Allowance and Carer's Benefit towards 2009 rates of €220.50 and €221.
- Reinstate in full the Household Benefits Package, including the telephone allowance.
- Maintain or increase current rates of Fuel Allowance.
- Disregard the Half-Rate Carer's Allowance in the assessment of means for Fuel Allowance.
- Ensure retention of three-year Medical card for those transitioning to employment.