



 **Combat Poverty**
Agency *working for a
poverty-free Ireland*

ENDING CHILD POVERTY

June 2005

ENDING CHILD POVERTY
COMBAT POVERTY AGENCY POLICY STATEMENT

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EXECUTIVE SUMMARY

1 Introduction

Despite a number of financial supports for families with children, child poverty persists at a stubbornly high level in Ireland relative to its European neighbours. It is therefore appropriate to review existing Government policies that aim to have a positive impact on children's wellbeing, and compare the levels of support in Ireland with those found elsewhere, both within the EU and internationally.

This Policy Statement presents a comparative analysis of child support packages in 22 industrialised countries, focusing on the Irish context. Policies that can reduce the persistently high levels of child poverty in Ireland are highlighted. The Statement focuses primarily on income support measures and services for families with children as key policy mechanisms. Some of the key findings are now outlined.

2 Main Findings

- Child poverty has fallen significantly over the past decade. However, the number of families with children in relative income poverty (sometimes referred to as 'at-risk-of-poverty') has remained relatively static over this time.
- According to recently published statistics from UNICEF, Ireland has among the highest rates of child poverty in the EU-15. Only Italy has a higher proportion of households with children below 50% of median equivalised income.
- Ireland places a far greater emphasis on income support (both universal and targeted measures) for families with children than most European countries, but it invests less in subsidised quality services for children. Ireland's level of subvention for childcare and healthcare for children is among the lowest in the EU, and Ireland is also a laggard when net education costs are considered.
- In terms of breakdown of expenditure, approximately two-thirds of child income support expenditure in Ireland is universally provided (as opposed to means-tested).

- For one-parent families the lack of directly subsidised childcare facilities means that many are left with little realistic choice but to stay at home to raise their children and rely on social welfare as their main income source, placing them in a veritable poverty trap.
- Lone parents in Ireland have the highest replacement rates and levels of marginal taxation in Europe. This is alarming for a number of reasons. The key cause for concern is that these conditions are conducive to the formation of poverty traps, and this appears to be most acute for one-parent households where few childcare subsidies are currently available. This results in reduced participation rates for women in the workforce and a high dependency on social welfare payments as the main income source of one-parent families.
- The relatively low levels of subsidisation of healthcare for children in Ireland place additional burdens on families with children, particularly as it has been indicated that Irish healthcare costs (GP visits, drugs' costs and inpatient charges) are substantial in the European context. This is likely to result in many low-income working families with children above the medical card income thresholds being unable to afford GP services for their children.
- The relatively low levels of subvention in the education sector entail that some children in Ireland are attending school hungry, inadequately dressed and without prescribed books and equipment necessary for their schooling.
- While Ireland's housing benefit scheme demonstrates a high degree of progressivity from an earnings perspective, it does not appear to take account of household composition and size to the same degree as in many other European countries where there is a high degree of horizontal equity. This finding is quite at odds with the current direction in Ireland towards more 'family-friendly' policies.

3 Policy Recommendations

3.1 Child Income Support

- Child income support needs to be set against adequacy benchmarks, i.e. support levels should be adequate to the needs of children.
- The Child Benefit targets set in *Sustaining Progress* should be met and increased in line with inflation.
- Combat Poverty proposes that universal Child Benefit should be supplemented with a revised targeted (second-tier) intervention to assist the poorest children in Ireland. A number of options are available in this regard:
 - (a) A good way to deliver targeted income support to the very poorest families without having adverse impacts on replacement rates would be the combination of Child Dependent Allowances (CDAs) and Family Income Support (FIS) into one measure. Combat Poverty recommends such an amalgamation, as was recommended by the Commission for Social Welfare in 1986.
 - (b) Alternatively, a tapered, employment-neutral Child Benefit Supplement, as suggested by the 1996 Expert Working Group on tax and social welfare, should be given serious consideration.
 - (c) CDAs could be increased significantly in the first instance and then indexed successively.
- At the very minimum, and as a priority, informational and awareness campaigns could be considered to promote the improved take-up of FIS. Alternative mechanisms of drawing down FIS need careful examination (e.g. the adoption of the UK tax-based FIS model).
- It is important that income support systems are not unnecessarily complicated. A review of the supports with a view to simplifying the process for take-up of benefits would be welcome.

3.2 Tapering of Means-Tested Schemes

- The means-testing of income thresholds should be better tapered in order to soften the financial burden of such services for low- to middle-income households, especially low-income working families and lone parents. Tapering reduces withdrawal rates and improves marginal rates of taxation. The announcement in the 2005 Book of Estimates of GP medical cards is a good example of a tapered measure.
- Delivery mechanisms that employ the taxation system, as well as the social welfare/benefits system, need consideration. Recent UK initiatives in this area have demonstrated that these can be effective, with higher take-up rates of benefits and improved withdrawal rates.
- Some supports for families with children are directed towards mothers, while others are delivered to the 'Head of Household'. It is worth considering the benefits of directing more supports for such households at mothers.

3.3 Education

- Combat Poverty recommends the improved provision of early education settings, especially for children from disadvantaged backgrounds. The UK 'Sure Start' model could be employed as a useful starting-point in this regard.
- Combat Poverty recommends morning pre-school provision for all poor children aged four years, supplemented by all-day care where appropriate. Trained child assistants in all infant classes are also recommended, with prioritisation in disadvantaged schools. Such recommendations were made by Combat Poverty in its 2005 Pre-Budget Submission.
- There is a clear need to increase investment in preventative measures aimed at educational disadvantage at primary and secondary level. This will be necessary not only to reduce child poverty and limit disadvantage in Ireland, but also to create a sufficiently educated workforce that can aid Ireland's future competitiveness.

- For some time, Combat Poverty has advocated increased investment in the School Meals Scheme. State support for this scheme has increased substantially in recent years and investment should continue. It is also suggested that programmes should be nutritionally balanced in order to maximise the benefits to children.

3.4 Childcare

- Combat Poverty argues for a significant improvement in the coverage of the current Equal Opportunities Childcare Programme to include low-income working families as well as work-poor households. This would benefit one-parent families in particular and would assist in boosting female labour market participation rates.
- Combat Poverty recommends that the State contribute directly to the cost of childcare, through the tax/welfare system, thereby spreading the cost over a broader base. A carefully targeted system would make re-entering the workforce more attractive for parents wishing to do so and improve marginal tax rates. Improvements in the affordability of early years' care for low-income households through direct subsidisation to accredited childcare providers should be considered as a priority.

3.5 Healthcare

- Increased funding for primary care is recommended. This is because improvements in primary care are likely to make the greatest positive impact among less well-off families with children who are struggling to make ends meet and are unlikely to be able to afford the additional financial pressures arising from episodes of ill-health. Initiatives targeted at the community level (e.g. GPs in disadvantaged areas), which are often seen as particularly effective, need additional funding.
- The increased coverage of the medical card for vulnerable families with dependent children (as announced in the 2005 Book of Estimates) is an important move in the right direction to achieve improved access to affordable healthcare. However, more needs to be done in this regard. The system needs better tapering to avoid poverty trap effects and work disincentives. The recently

announced GP-only medical card is a good example of such a tapered system. Improved tapering of the medical card will improve the equity and efficiency of the GMS system. Combat Poverty favours a system that is employment-neutral, i.e. based on household income rather than income source. The former assists the large numbers of working-poor households who, evidence suggests, are finding it increasingly difficult to make ends meet.

- It is evident that preventative interventions, such as vaccination programmes for children, require continual and additional State funding, as such universal programmes play a vital role in early intervention health-improving initiatives.

3.6 Housing

- The structure of the housing benefit system should be reviewed and revised so that it is more sensitive to occupancy issues, such as household size and composition. In this way, larger families with children are not hit disproportionately more than smaller families as regards housing rents.
- Improving the security of tenure for tenants in the private sector could improve the attractiveness of renting as a tenure choice and, over time, this could act as a (demand-side) stabilising factor on house prices and increase the affordability of home ownership. The Residential Tenancy Act of 2004 is an important step in the right direction in this regard, but its implementation and enforcement require dedicated resources.
- As the social housing stock is relatively small in Ireland relative to the total dwelling stock, supply targets for social and affordable housing schemes need to be met, at the very minimum, in order to assist potential homeowners on modest incomes to acquire a property that is fit and appropriate for their means.

3.7 Family Services

- Additional support and extensions for initiatives such as family services projects like Springboard, and support for vulnerable groups in particular, should be considered.

3.8 Policy Mechanisms

The key policy instruments that aim to reduce child poverty in Ireland are the National Anti-Poverty Strategy and the National Children's Strategy. In addition to these, there are many other mechanisms that have either a direct or indirect effect on children's welfare. Some key recommendations from the review of policy mechanisms in this Statement now follow.

- Targets on income poverty and income inequality should be adopted. Reducing relative income poverty would help contract the large disparity in living standards and opportunities that exist among children in Ireland, and would form the basis for a genuine equality of opportunity for children.
- Ireland should aim to demonstrate downward trends for both consistent *and* relative poverty and policymakers need to watch closely the various anti-poverty policies implemented in other Member States that result in positive outcomes in terms of reducing child poverty. Improvements in social expenditure targeted at services for vulnerable families with children would most likely yield a very positive impact on child poverty, and would also bring Irish social expenditure more into line with typical expenditure levels found in other Member States.
- Extending the impact of children's voices on the development of government policy for children is an important process. One way to further this process would be to publish transcripts of Dáil na nÓg sessions on the internet, rather than merely publishing the main points raised, so that ministers, researchers and other interested groups could more accurately base their work on the needs of children and young people. There is much added value in inclusive policy dialogue where children's experiences and voices are heard.
- Recent developments such as the National Children's Strategy and the creation of the National Children's Office, the Ombudsman for Children, Dáil na nÓg and the Cabinet Committee on Children should all facilitate the development of holistic, joined-up government policy with regard to children. Ultimately, however, the degree to which this occurs will depend in no small part on the prioritisation that this receives from government, as well as the goals that government sets in this area, and their implementation.

Summary of Key Recommendations of Policy Statement

Element of Child Support Package	Action Recommended by Combat Poverty
Child Benefit	<ul style="list-style-type: none"> • Meet <i>Sustaining Progress</i> targets and index-link in successive years.
2nd-Tier Payment	<ul style="list-style-type: none"> • Review CDA/FIS amalgamation and consider Child Benefit Supplement option. • Increase and index 2nd-Tier payments. • Consider re-structuring FIS into tax-based model to improve take-up.
Childcare	<ul style="list-style-type: none"> • Improve the subvention of Equal Opportunities Childcare Programme to include coverage of low-income working families as well as work-poor households. • Consider direct subsidisation of childcare using tapered mechanism to target low-income and vulnerable groups.
Education	<ul style="list-style-type: none"> • Increase funding in early education initiatives. Include morning pre-school provision for all poor children aged four years, supplemented by all-day care where appropriate. • Improve resources at primary level. • Provide trained child assistants in all infant classes, with prioritisation in disadvantaged schools.
Healthcare	<ul style="list-style-type: none"> • Continue improvements to medical card coverage and improve tapering of scheme to reduce withdrawal and marginal tax rates. • Fund more community-level interventions (e.g. targeted primary care initiatives), especially preventative measures (e.g. vaccination programmes).
Housing	<ul style="list-style-type: none"> • Consider re-structuring of housing benefit towards more 'family-friendly' model. • Improve supply of social and affordable housing. • Enforce Residential Tenancies Act (2004). Increase attractiveness of private rental sector through regulatory measures improving tenants' rights.
Family Services	<ul style="list-style-type: none"> • Provide additional funds for family services projects, with focus on vulnerable groups.



CHAPTER 1
INTRODUCTION

1.1 Role of Combat Poverty Agency

The Combat Poverty Agency is the state advisory body responsible for developing and promoting evidence-based proposals and measures to combat poverty in Ireland.

Combat Poverty is the sole national statutory organisation with an anti-poverty remit. It was established under the Combat Poverty Agency Act 1986, which sets out four general functions:

- Advising and making recommendations to the Minister for Social and Family Affairs on all aspects of economic and social planning in relation to poverty in the State;
- The initiation of measures aimed at overcoming poverty in the State and the evaluation of such measures;
- The examination of the nature, causes and extent of poverty in the State and for that purpose the promotion, commission and interpretation of research;
- The promoting of greater public understanding of the nature, causes and extent of poverty in the State and the measures necessary to overcome such poverty.

1.2 Aims of Policy Statement

This Policy Statement has been written to provide an up-to-date picture of Combat Poverty's position on child poverty, with a particular focus on policies that can reduce the persistently high levels of child poverty in Ireland. It focuses primarily on income support measures and services for families with children as key policy mechanisms. The *raison d'être* of the Statement is to present policymakers responsible for children's welfare in Ireland with a number of policy recommendations which are based on rigorous cross-country research on child support packages and child poverty. Combat Poverty is formulating its response to other issues relating to child poverty which will be based on the findings of a number of Combat Poverty-funded research studies currently underway. It is hoped that this Statement will contribute to the debate around the most effective and efficient policy responses to combating child poverty in Ireland.

1.3 Outline of Policy Statement

This Policy Statement is made up of a number of chapters. In the following chapter (2) the national and international policy context is outlined with regard to children's welfare and child poverty.

Chapter 3 examines the policy mechanisms that four government departments have at their disposal to improve children's wellbeing. Recent developments, such as the establishment of the National Children's Office, are reviewed and there is also some discussion of inter-departmental holistic policy developments.

Chapter 4 presents an overview of current demographic data and comparative, longitudinal trends in relation to child poverty. Qualitative findings of recent Combat Poverty-funded research are outlined and there is a discussion on vulnerable groups that exhibit particularly high risks of child poverty.

The data analysis presented in Chapter 5 focuses on income support packages at the pan-European level which allows for international comparisons and rankings over time.

The subsequent chapter on child-support measures (6) places a strong focus on support mechanisms in terms of services for families with children in Ireland. A number of rankings are derived based on a comparison of child-support packages in 22 countries to illustrate the relative position of Ireland's child support with that of our EU counterparts.

The final chapter (7) presents the conclusions and policy recommendations of this review under the headings: child income support, services for families with children, and policy mechanisms.



CHAPTER 2
POLICY CONTEXT

2.1 Introduction

Children are often thought of as valuable and special citizens. However, the reasons for this are rarely considered. Children matter in the first instance because of their *numerical strength*. In 2002, there were almost 1.02 million children in this country, representing 26% of the total population, according to the latest Census data (CSO, 2003).¹ This can be compared with just 436,000 persons aged 65 years and over (11.1% of the total population). The Irish population is very young relative to European neighbours; Ireland has, in fact, the highest youth population in the European Union.

Children, of course, have more than numerical importance. They also have a key *social value*, though this has been primarily conceived of in terms of their status *within* families rather than as individuals in their own right. This 'familialisation' perspective is also reflected in social policy, where the function of child welfare services is to supplement the role of the family in meeting the needs of its members, including children. The family thus prevails as the main institution expected to meet the needs of children. One adverse consequence of this is the low level of public subvention towards the costs of caring for children in this country, both in comparison with our European counterparts and as between support for children and retired people. Consequently, children's welfare has been something of a backwater in Irish social policy and has tended to be subsumed into general policy as it applies to families and parents, as was noted in a previous Combat Poverty Submission on Children (Combat Poverty Agency, 2000a).

Moreover, children can also be seen as an *economic asset* that will determine, to a large extent, our future economic wellbeing and are our primary resource for sustaining economic prosperity. Hence, the importance of producing a highly educated population to meet future labour market needs is critical. A key policy driver in relation to children is, thus, enhancing their economic potential through provision of high-quality education and training opportunities.

The Combat Poverty Agency argues that childhood has an intrinsic and intangible value in its own right which is difficult to formally monetise or value. In recent times, a new perspective has begun to emerge with a growing public appreciation of the distinct nature of childhood and of the specific needs and rights of children. Children

¹ Based on current trends of births in Ireland, this figure is likely to have moved close to 1.1m children at time of writing.

have *rights* separate to adults in relation to survival, development, protection and participation, and these have been safeguarded in a number of United Nations documents. In the next section, the rights of children, as set out under the UN Convention, are discussed. In the remainder of the chapter, children's economic and social rights are discussed in the Irish context in relation to the National Anti-Poverty Strategy, the National Action Plan against Poverty and Social Exclusion, the *Sustaining Progress* agreement, the National Children's Strategy and the current Programme for Government.

2.2 UN Convention on the Rights of the Child²

The Convention on the Rights of the Child is an international agreement on the rights of children that was adopted by the United Nations General Assembly in November 1989 and has been entered into force as international law on 2 September 1990, having been ratified by all but two countries in the world (the USA and Somalia). The Convention is the most widely ratified human rights treaty in history. It is also the most complete statement of children's rights ever made and provides an internationally agreed framework of minimum standards necessary for the wellbeing of the child to which every child and young person under 18 is entitled.

Ireland is a signatory to the Convention on the Rights of the Child and ratified it, without reservation, on 21 September 1992. By ratifying the Convention, Ireland became a 'State Party' to it and made a formal commitment to safeguard the rights of children as set out in the Convention. The State agreed, in other words, to undertake all appropriate legislative, administrative and other measures to implement the rights recognised in the Convention. This implies assessing our social services, legal, health and educational systems, as well as funding for these services. The Government is also obliged to take all necessary steps to ensure that the minimum standards set by the Convention in these areas are being met. This may involve changing existing laws or creating new ones. Such legislative changes are not imposed from outside, but come about through the same process by which any law is created or reformed within a country. Article 41 of the Convention on the Rights of the Child states that where a country has higher standards or provisions than those set forth in the Convention, the higher standards always prevail.

² More detail on this Convention can be found on the Children's Rights Alliance website (www.childrensrights.ie)

There are a number of so-called 'substantive articles' in the Convention which set out the rights of children and the corresponding obligations of governments to safeguard and vindicate these rights. Each article details a different right. These different rights can be grouped under four themes.

1. **Survival rights** recognise the child's right to life and the needs basic to the child's existence. These include nutrition, shelter, an adequate standard of living and access to healthcare.
2. **Development rights** outline what children require to reach their full potential, e.g. education, play, leisure, cultural activities, access to information, and freedom of thought, conscience and religion.
3. **Protection rights** require that children be protected from all forms of abuse, neglect and exploitation. They cover issues such as special care for refugee children, safeguards for children in the criminal justice system, protection for children in employment, and protection and rehabilitation for children who have suffered any form of abuse or exploitation.
4. **Participation rights** recognise that children should be enabled to play an active role in decisions affecting their own lives, in their communities and societies in preparation for responsible adulthood. In 1996 Ireland submitted its first report to the UN Committee on the Rights of the Child in fulfilment of Article 44 of the UN Convention. The Committee met on 23 January 1998 to review Ireland's position in regard to the Convention. While the report outlines three positive aspects in relation to the Report, it lists a further 18 points which are called 'Principal Subjects of Concern'. In relation to child poverty specifically, Point 21 states that, 'the Committee is particularly concerned about the incidence of child poverty and homeless children in the State Party and encourages it to strengthen measures and programmes for the protection of the rights of the most vulnerable children' (United Nations, 1998).

2.3 NAPS and NAPincl

The National Anti-Poverty Strategy (NAPS) is the Government plan for reducing and preventing poverty. This strategy defines poverty as follows: '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 which 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 which are considered the norm for other people in society' (Government of Ireland, 1997).

Ireland has included children-specific measures under its National Anti-Poverty Strategy. The revised National Anti-Poverty Strategy identifies a number of groups that are at high risk of poverty; they are: 'Children and young people, women, older people, Travellers, people with disabilities, migrants and members of ethnic minority groups ... individuals, families and communities living in disadvantaged urban areas and disadvantaged rural areas' (Government of Ireland, 2002). Irish policymakers responsible for this area have pledged to initiate policies that attempt to reduce consistent child poverty to less than 2% by 2007 or to end it completely.

The NAPS specifically notes the significance of child poverty: 'Lack of an adequate income is only one aspect of child poverty. Poor children have been shown to do less well educationally, are more likely to suffer ill health, are vulnerable to homelessness and delinquent behaviour and fewer opportunities in life. Child poverty can seriously damage the life chances of many children, leading to a cycle of deprivation which repeats itself from generation to generation' (Government of Ireland, 1997).

The NAPS pledges more than to attempt to reduce consistent child poverty. 'The overall objective, in line with the National Children's Strategy, is to eliminate child poverty and to move to a situation of greater equality for all children in terms of access to appropriate education, health and housing' (Government of Ireland, 1997).

The National Action Plan against Poverty and Social Exclusion (NAPincl) 2003-2005 (OSI, 2003) – which updates the Irish NAPS and is part of a European initiative to make a decisive impact on poverty – reiterates the government's focus on child poverty and names children as a so-called 'vulnerable group'. NAPincl states that a key

policy task is to 'develop a more integrated policy and institutional structure to ensure adequate supports for children, their development and for those caring for them'.

It is worth noting that, while Government has a target for the reduction of consistent poverty, it has not set any concomitant relative income poverty target. However, it will need to reduce the relatively high levels of income poverty for families with children in Ireland in order to make a real impact in reducing child poverty.

2.4 *Sustaining Progress*

The sixth and current National Agreement *Sustaining Progress* was negotiated between the Government and the Employers, Trades Unions, Farmers and Community and Voluntary Pillar. *Sustaining Progress* recognises the importance of child poverty as a pressing and persistent issue (Department of the Taoiseach, 2003). There are ten Special Initiatives in *Sustaining Progress*, one of which is dedicated to child poverty, entitled 'Ending Child Poverty'. This initiative aims to combat educational disadvantage and social exclusion and to develop new responses to on-going social and cultural change. The policy approach targets services as well as income to ensure a better start for every child. The strengthening of services from which children benefit can do much to foster their well-being and development. The approach will be evaluated on outcomes for children. There are some specific targets in the Initiative, as follows:

Health: Better medical and health services within the community for young children and their parents.

Pre-school: Priority to early education and childcare facilities for disadvantaged families in the context of a joint approach between the Departments of Education and Science and Justice, Equality and Law Reform.

Primary school: Ensuring every child obtains a threshold of numeracy and literacy.

Neighbourhood amenities: Accelerated provision of play environments for local communities.

Parenting: Wider availability of parenting support services for families at risk.

Income: Importance of Child Income support arrangements, including examining the effectiveness of, for example, merging the Child Dependent Allowance with the Family Income Supplement.

A public progress report on the Special Initiatives was released by the Department of the Taoiseach in July 2004. Actions for children are not limited to those set out in the Agreement itself and not all actions are yet attended to. The Special Initiatives do not have any additional funding behind them but are instead designed to allow social partners contribute to progressing issues that partners agree are vital.

2.5 National Children's Strategy

The National Children's Strategy (Government of Ireland, 2000) is another policy driver in the context of child poverty. There are many pertinent and important sections of the strategy that have a bearing on child poverty. One of the key statements in the Strategy relates to child income support: 'children will be provided with financial supports necessary to eliminate child poverty'. The Strategy also provides for the establishment of an Ombudsman for Children with responsibility for implementing the UN Convention on the Rights of the Child. The Office for the Ombudsman for Children is now up and running. More details on the National Children's Strategy can be found in Chapter 3.

2.6 Programme for Government

The current Programme for Government (June 2002) embraces the commitment to eradicate child poverty, and it is clearly stated in the Programme that child poverty will be a 'core element of our work' (Department of the Taoiseach, 2002). In fact, some 17 measures are stated in the Programme that relate specifically to children's welfare. The Programme insists that Government is 'committed to moving forward on the basis of implementing our highly ambitious Children's Strategy'. Furthermore, it states that much work will be done in order to ensure that the number of children living in consistent poverty is reduced in line with the National Anti-Poverty Strategy. The Programme also states that Government will 'complete our announced programme of multi-annual increases in Child Benefit and ensure that the combined value of child support is increased in line with our commitment under the National Anti-Poverty Strategy'.

These are just three of a considerable list of declarations that the current Government has made. The degree to which these have been realised, and the extent to which such policies have been successful, is discussed later in this Policy Statement.



CHAPTER 3
POLICY MECHANISMS

3.1 Introduction

The Lisbon Strategy was agreed by EU governments in 2000. This set out the key aim of the European Union going forward to become 'the most competitive and dynamic knowledge-based economy in the world, capable of sustaining economic growth with more and better jobs and greater social cohesion' (Europa, 2004). Part of the strategy is the priority of making a decisive impact on poverty and promoting social inclusion. Following from this, national governments have each developed a National Action Plan against Poverty and Social Exclusion which is intended to be the policy vehicle to achieve this EU goal.

As outlined in the previous chapter, the Irish government has committed, under the National Action Plan against Poverty and Social Exclusion, to reduce child poverty (using the 'consistent poverty' measure) to below 2%, and if possible to eliminate it by 2007 (Government of Ireland, 2003). Furthermore, the national partnership agreement *Sustaining Progress* lists 'Ending Child Poverty' as one of its ten special initiatives. There are two primary ways the government can attempt to improve the living standards of children living in poverty – by increasing *payments* to families with children, and by improving the quality and access of *services* that are used by children.

Ireland's National Action Plan against Poverty and Social Exclusion 2003-2005 states that a key policy task is to develop a more integrated and cohesive approach with regard to supports for children (Government of Ireland, 2003). The work of almost every department impacts on the lives of children in some way. However, for the purpose of this chapter, it will be sufficient to limit inquiry to four departments that have specific programmes relating to children. These are: the Department of Health and Children, the Department of Social and Family Affairs, the Department of Justice, Equality and Law Reform and the Department of Education and Science. This entails that some initiatives in other Departments may be omitted from this review. However, it is not the purpose of this chapter to provide a fully comprehensive overview of all policy initiatives currently in place for families with children. The chapter, instead, outlines some schemes in operation by the key Departments involved with children's welfare in Ireland.

One Department that is not discussed here, but merits mention due to its pivotal position in the policy process, is the Department of Finance. While not administering any programmes specifically for children, the Department of Finance provides funding for all other Departments, and thus its support and backing is needed for any project that attempts to reduce poverty and social exclusion amongst children in Ireland.

3.2 Department of Health and Children

The Department of Health and Children has overall responsibility for children, including a Minister for Children, who co-ordinates policy across a number of government departments. A key response to the needs of children is the National Children's Strategy. A National Children's Office has been established to deliver on the Strategy. One of the key features of the National Children's Strategy was to provide for the establishment of an Ombudsman for Children. The Ombudsman has two main roles: to promote the rights and welfare of children, and to examine and investigate complaints made against public bodies, such as schools and voluntary hospitals. Health is also a crucially important service for children's wellbeing. Here we deal specifically with the availability of medical cards which entitle holders to free access to medical care.

3.2.1 National Children's Office

The National Children's Office, established in 2001, is the government agency that aims to improve all aspects of children's lives. A key function of the National Children's Strategy is to argue that '... services for children should be delivered in a co-ordinated, coherent and effective manner through integrated needs analysis, policy planning and service delivery' (2000: 10). This is the first time that responses to children's needs were planned in such a broad, inter-departmental manner.

The National Children's Office oversees the running of Dáil na nÓg (youth parliament), which is co-ordinated by the National Youth Council of Ireland on their behalf. Dáil na nÓg sat for the first time in 2001. Its primary function is to provide a space where children can discuss issues that are important to them, and to ensure that their views are brought to the attention of the relevant government ministers. It is supplemented by Comhairlí na nÓg (youth councils),

which provide a similar function at a local level. Other initiatives of the National Children’s Office include a National Play Policy, a longitudinal study of children, and the development of indicators of child well-being. The Office also co-ordinates and monitors the implementation of the National Youth Homelessness Strategy, and manages the implementation of the Children’s Act, 2001.

3.2.2 Medical Cards

The National Children’s Strategy states that ‘Children will be supported to enjoy the optimum physical, mental and emotional wellbeing’ (Government of Ireland, 2000). One key method of improving the health status of poor children is the provision of free medical services. In Ireland, the main instrument is the medical card, which is now administered by the Health Service Executive, rather than by individual Health Boards, as was previously the case. Possession of a medical card entitles holders to free GP services, medicines, in-patient public hospital services, out-patient services, dental, optic and aural services, and infant care services (Oasis, 2004). Children’s eligibility for medical cards is contingent on the income of their parents; where a parent satisfies the means test, eligibility is automatically extended to his/her dependent children.

Table 1 illustrates the income thresholds for eligibility of a medical card. In addition to these, medical cards can be granted on a discretionary basis by the Chief Executive Officer of the relevant health board/authority to those whose earnings exceed the income limits.

Table 1 Threshold Levels for Eligibility for Medical Cards (€, 2005)

Category	Aged Under 66	Aged 66-69
Single person living alone	153.50	168.00
Single person living with family	136.50	144.50
Married/Co-habiting couple	222.00	248.50
Allowance for first 2 children aged under 16	31.50	31.50
Allowance for dependants aged over 16 (with no income)	32.50	32.50

The increases in the income thresholds introduced in Budget 2005 should allow an extra 30,000 individuals to gain entitlement for a medical card. In addition, a GP-only card was announced in late 2004. The income thresholds for this GP-only medical card are likely to be set at about 25% above the 2005 thresholds for the full medical card. The issue of 200,000 GP-only medical cards should ideally be seen as a short-term targeted measure towards improved access to affordable healthcare to those on low incomes. A more comprehensive access and support measure will need to be put in place in the longer term.

3.2.3 Springboard Initiative

The Department of Health and Children also spearheads the Springboard Initiative. This is a support service that provides funding for locally organised projects that work with children who are at risk of being taken into care and their families. The projects themselves perform a wide variety of tasks including counselling and advice sessions both at an individual and group level, organising courses on parenting skills, homework clubs and after school activities and offering drop-in facilities for information and advice (Department of Health and Children, 2001). An evaluation of the initiative has found that this is an effective way to support poor families but that it requires intensive support and a high level of resources (McKeown, 2001).

3.3 Department of Social and Family Affairs (DSFA)

The Department of Social and Family Affairs is responsible for four main payments specifically for families with children: Child Benefit, Family Income Supplement, Child Dependent Allowances and the One Parent Family Payment. These benefits will be examined in greater detail in Chapter 5. It will be sufficient at this stage to highlight the basis for qualification for each of these benefits.

Table 2 Benefits of Relevance to Children Administered by DSFA in 2005

Name of Benefit	Basis of Qualification
Child Benefit	Universal (subject to Habitual Residency Test)
Family Income Supplement	Means-tested
Child Dependent Allowances	Payment made in respect of dependent children for both contributory and non-contributory schemes
One Parent Family Payment	For lone parents subject to a means-test

3.3.1 Basis of Qualification for Benefits

Child Benefit has historically been a universal payment, paid monthly to every family in the state. Its universal nature has become somewhat diluted as, in 2004, a clause was added whereby recipients must be resident in the state for a period of two years before becoming eligible. The rationale for this development was to ‘restrict access to social assistance and Child Benefit payments for people from other countries who have little or no connection with Ireland’ (Coughlan, 2004). Child Benefit is untaxed, paid to the mother and is administratively simple as it is not subject to either a means or work test. However, it is relatively expensive.

Child Dependent Allowances (CDAs) are an additional payment to welfare recipients who have dependent children. The rate of payment is dependent on whether it is in respect of an adult claiming a pension or other benefit. CDAs are paid at half rate for claimants for whom there is no qualified allowance. One key disadvantage of CDAs is that they are discontinued once entitlement for a social welfare benefit ends, and thus contribute to unemployment traps. For this reason, the rates of payment for CDAs have been frozen since 1994, which has resulted in the erosion of their real value over the period.

Family Income Supplement (FIS) is a means-tested payment made to low-income families with children where there is at least one person in paid employment. The payment is tapered out as income increases,

which creates a high implicit marginal tax rate for low-income workers that can hamper incentives to train and find better-paid employment. Means-tested benefits traditionally have lower take-up rates than either social insurance or universal schemes; however, FIS has performed particularly poorly to date in this regard, with take-up estimated to be as low as 35% (Comhairle, 2004).

The One-Parent Family Payment is available to parents who are bringing up a child without the support of a partner. Thus, it supports women who are in a variety of situations, including those who are unmarried, widowed, a prisoner's spouse, separated, divorced, or for those whose marriage has been annulled. It is a means-tested payment, and is made up of both a personal rate and additional amounts for each dependent child. There is no restriction on the duration of payment; payment only ceases where the means-test is no longer satisfied, when co-habitation or marriage occurs, or when there are no longer any dependent children in the home. There is also an earnings disregard element which allows for some earned income before the payment is withdrawn, but this has not been increased in recent years resulting in higher numbers of lone-parent families being pushed over the earnings disregard threshold and out of the One-Parent payment.

The Department of Social and Family Affairs also funds the Back to School Clothing and Footwear Allowance, an additional payment under the Supplementary Welfare Allowance (SWA) which is administered by the Department of Health and Children. Available between 1 June and 30 September each year, this one-off payment is made, following a means test, on behalf of those between 2 and 17 years of age, or up to age 22 for those in full-time education (Department of Social and Family Affairs, 2004). The allowance paid is €80 for each child aged 2-11, and €150 for each child aged 12-22.

3.3.2 School Meals Scheme

One key *service* that operates under the auspices of the Department of Social and Family Affairs is the School Meals Scheme. The aim of the scheme is to provide school meals for children who otherwise would be unable to take full advantage of the education they receive due to a lack of food. The meals provided consist of 'a light snack of milk or cocoa, with buns or sandwiches and are not intended to be a substitute for home meals' (Department of Social and Family Affairs, 2004). Following a review of the School Meals Scheme published in

2003, the first since its inception, funding was increased significantly, from €3.29m in 2003 to €6.08m in 2004 and the scheme was expanded to include pre-schools that are community based and which operate on a not-for-profit basis.

The School Meals Scheme is a valuable scheme and can provide clear health and educational benefits. However, a number of problematic issues remain with the scheme including the questionable nutritional value of some of the food, its relatively low coverage among schools, and the lack of facilities in many schools to provide and expand the scheme.

3.3.3 Additional Services

The Department of Social and Family Affairs also runs the Family Services Project, the Family Support Agency and the Family and Community Services Resource Centre Programme, and oversees the operation of Comhairle. The Family Services Project provides information regarding local statutory, community and voluntary services that are available within the community through local social welfare offices. The Family Support Agency was established in 2001 to bring together the main existing programmes aimed at preventing marital breakdown, supporting parenting and promoting additional local family support services. Furthermore, the Agency promotes and develops the Family and Community Services Resource Centre Programme. The aim of the Family and Community Services Resource Centre Programme is to combat disadvantage by improving the functioning of the family unit. It does this by providing classes that attempt to 'increase the capacity of local communities to become self-reliant and self-directed' (Department of Social and Family Affairs, 2004b). The Department is also responsible for Comhairle, a statutory Agency that provides information about social services through web-based and telephone initiatives in addition to the many Citizens' Information Centres around the country.

3.4 Department of Justice, Equality and Law Reform

The Department of Justice, Equality and Law Reform supports children through the Equal Opportunities Childcare Programme. The availability of childcare is a crucial factor in allowing parents to return to work, and to earn the income necessary to lift them out of poverty. In a study conducted by the Central Statistics Office (CSO) in 2002, 31.2% of parents with pre-school children and 46.1% of parents with children in primary school (who did not perform all childminding themselves) relied on an unpaid relative to provide childcare for them. This was the preferred method of childcare for just 3.7% and 10.9% of all parents respectively (CSO, 2003). Again, indicating the lack of childcare provision in Ireland, while 27.1% of parents with a pre-school aged child (again, among those who did not perform all childcare themselves) were availing of childcare in a group setting, this was the preferred method of childcare for 48.8% of all parents (CSO, 2003).

The availability of good childcare facilities was recognised in the National Action Plan against Poverty and Social Exclusion as having a key impact in employment participation rates, especially among lone parents (Government of Ireland, 2003). Such provision would aid Ireland's efforts in achieving the European target of an employment participation rate for women of at least 60%. The Quarterly National Household Survey for the third quarter of 2004 showed that female labour force participation in Ireland was 51% (CSO, 2005), some way off this European target.

In addition, at a summit of the European Council in Barcelona in 2002, a target was set for member states to have, by 2010, childcare places for one-third of children under the age of three and for 90% of children between the ages of three and the mandatory school-going age, which, in the case of Ireland, is 6 years of age (Department of Justice, Equality and Law Reform, 2004). The 2002 Census of Population showed that there were 332,175 children under the age of 6 in Ireland (CSO, 2004), which translates into approximately 204,773 childcare places needed to meet this EU target. There were 143,500 childcare places in Ireland in 2002 (childcare performed by relatives, whether paid or unpaid, is excluded in this calculation) (CSO, 2003).

In order to improve the availability of child care in Ireland, the government established the Equal Opportunities Childcare

Programme (EOCP) in 2000. The primary aims of the EOCP are to increase the supply and to improve the quality of childcare places in Ireland (including extending the opening hours of childcare services). The Programme operates by providing grant assistance to community based, not-for-profit, and private sector childcare providers. Area Development Management (ADM) Ltd. manages the EOCP on behalf of the Department of Justice, Equality and Law Reform. The main features of the programme are:

- Staffing grants made available to community based/ not-for-profit groups who are working in particular areas of disadvantage, or for services that have a particular focus on disadvantage.
- Capital grants made available to community and not-for-profit, as well as private, service providers in order to renovate or build a suitable childcare facility. This grant can also be used to purchase suitable equipment or materials.

While the original plan was due to run until 2006, Budget 2005 provided for its extension to 2009. The overall aim is to have created an additional 48,300 places by this time. As there were 143,500 childcare places in Ireland in 2002 (childcare performed by relatives, whether paid or unpaid, is excluded in this calculation) (CSO, 2003), it is likely that even with this increase, Ireland will fall short of the approximately 205,000 places needed to meet the EU target.

However, there are two important further issues with regard to these places. The first is the issue of their affordability. One key drawback of the Equal Opportunities Childcare Programme is that it can only attempt to reduce the price of childcare indirectly by increasing its supply. The second is the issue of accessibility. While it is crucial that there is an additional supply of childcare, it is imperative that these additional places are in areas that can be easily accessed by those on low incomes.

3.5 Department of Education and Science

The Department of Education and Science provides education for all children at 1st and 2nd level and for those who subsequently enter 3rd level education. It is also responsible for a number of schemes aimed at tackling educational disadvantage, which will be discussed here briefly. In addition to these distinct schemes, the Department provides grant assistance to schools in order to provide free school books to disadvantaged students on a loan/rental basis.

3.5.1 Early Start Pre-School Pilot Programme

Established in 1994, and currently running in 40 schools, the Early Start Pre-School Pilot Project aims to improve young children's future educational performances by successful early intervention. The project provides pre-school education to 3 and 4 year old children in vacant classrooms of schools situated in areas of disadvantage around the country. These centres are flexible so that children can attend either morning or afternoon sessions. The programme is centred around four core areas of language, cognition and social and personal development, and parents are encouraged to attend and participate in the centres. An evaluation of the programme by the Educational Research Centre, undertaken in 2003, concluded that 'Early Start is a high-quality intervention with a strong emphasis on adult-child interaction' (Lewis and Archer, 2003). Despite this initiative, the area of early education provision is extremely underdeveloped in Ireland.

3.5.2 Support Teacher Project

The Support Teacher Project was introduced in 1995 with the aim of providing teaching posts in a number of schools in the Tallaght/Clondalkin and inner city areas to assist in supporting pupils with very disruptive behaviour. The Support Teachers would have the role of monitoring the level of disruptive behaviour in the school, developing school policy with respect to pupil behaviour, formulating management strategy with regard to supporting children whose behaviour is disruptive and teaching individuals and small groups with disruptive behaviour, drawing on an adapted curriculum where necessary in order to try and give pupils the experience of success in a core area.

3.5.3 The Home-School-Community Liaison Scheme

The Home-School-Community Liaison (HSCL) scheme was established in 1990 with a view to forging stronger links between home, school and communities as a way of reducing educational disadvantage. In 2002, there were 278 primary schools and 190 post-primary schools participating in the scheme (Archer and Shortt, 2003: 49). Participant schools (or a group of small schools) are provided with a co-ordinator whose roles include home visitations, organising in-school activities and courses for parents, advising parents on ways to create a home environment conducive to studying, and meeting with community groups who have an interest in the educational wellbeing of pupils concerned.

3.5.4 The School Completion Programme

The School Completion Programme aims to support pupils from disadvantaged backgrounds to remain in school up until Leaving Certificate level. In developing this programme, the Department recognised the wide range of issues that place youths at risk of educational disadvantage and that any strategy that attempted to prevent educational disadvantage must take account of these different factors. Under the scheme, schools are asked to produce a Retention Plan that acts as a statement of intent regarding both the in-school and out-of-school actions that they aim to implement in order to make school a more meaningful and attractive place for pupils who are most at risk. The department provides funds based on the strength of these plans, and the continuation of these funds is dependent on the committed activities occurring and the achievement of certain targets.

Since its inception, some 82 project sites, comprised of 112 post primary schools and 300 primary schools, are participating in the School Completion Programme. Fifty-three second-level schools continue to be supported under the 'Stay In School Retention' strand of SCP up to 31 August 2005. On 4 May 2004, the Minister for Education and Science, Mr Noel Dempsey, announced that the 53 second-level schools involved in the Stay in School Retention Strand (SSRI) of the School Completion Programme would continue to be funded at their current level for the 2004/2005 school year. Each project has been given support for a three-year period up to August 2005. Each project is managed by a local management committee, comprised of all school Principals, relevant statutory, voluntary and community agencies, Local Drug Task Forces and County/City Development Boards. Between September 2003 and August 2004, a total of 19,476 pupils were targeted under the Programme.

3.5.5 Breaking the Cycle

Breaking the Cycle (BTC) was introduced in 1996 in 33 urban schools and 123 small rural schools (which were organised in a number of clusters) (Weir, Milis and Ryan, 2002a; 2002b). The overall aim of the scheme is to 'discriminate positively in favour of primary schools in selected urban and rural areas which have high concentrations of children who are at risk of not reaching their potential in the education system because of their socio-economic backgrounds' (Department of Education and Science, 2004). There are a maximum

of 15 pupils in all junior classes in schools participating in the scheme (infants, 1st and 2nd). Participant schools receive special grant assistance to purchase books, teaching materials and equipment. Teachers receive targeted in-career development intended to help them offset the educational effects of disadvantage. Weir, Milis and Ryan noted in 2002 that all schools participating in the Breaking the Cycle programme were also participating in the HSCL scheme (Weir et al., 2002a; 2002b).

It was felt that the Breaking the Cycle scheme did not take account of the different levels of need within schools (Dempsey, 2002). Following from this, the Educational Research Centre was charged with undertaking a comprehensive evaluation of disadvantage in primary schools; the data of which would be used in the implementation of the new, Giving Children an Even Break programme.

3.5.6 Giving Children an Even Break by Tackling Disadvantage

Giving Children an Even Break seeks to use evidence-based methods to ensure that pupils who are in danger of educational disadvantage were included in the scheme. The Educational Research Centre conducted a survey of all primary schools during 2000 to identify the degree of disadvantage in each school. Almost 75% of schools responded to this survey. Importantly, schools who are already participating in schemes to tackle educational disadvantage retain their entitlements under those schemes, and may be eligible for additional resources under the Giving Children an Even Break programme.

The scheme was launched in 2001 and will cost €33million over a three-year period. Resources provided under the scheme are proportional to the degree of disadvantage within the school. In urban areas, schools with the highest concentration of 'at-risk' pupils may be eligible for additional teaching posts in order to bring their pupil/teacher ratio down to 20:1 in all junior classes and 27:1 for senior classes. Schools in rural areas with the highest concentration of pupils at risk of educational disadvantage are assigned a teacher/co-ordinator, who works with teachers, pupils and parents. Both urban and rural schools receive a grant of €63.49 per disadvantaged pupil within the school, subject to a minimum payment of €952.30. The grant is made directly to the Board of Management which then decides how it will spend the resources to support disadvantaged pupils within the school.

There are a number of conditions that the school must fulfil if additional resources are to be granted, including: the development of a specific school retention policy; directing the resources to the disadvantaged pupils themselves; identifying the curricular, learning, social and personal needs of targeted pupils and developing strategies to meet these needs, and involving parents in their children's education.

3.5.7 Scheme of Assistance to Disadvantaged Schools/Areas

The Disadvantaged Area Schools Scheme, established in 1984, is a fundamental and long-standing support provided by the Department of Education and Science in its efforts to address the problem of educational disadvantage. It involves two forms of support to schools in disadvantaged areas with large numbers of disadvantaged pupils. First, schools included in the scheme are entitled to an additional capitation grant that can be spent on general running and management costs, the purchase of books, materials and equipment, and the development of home-school links. Additional finance is also available to such schools to launch book rental schemes and thus ease financial hardship caused by schoolbook purchase. Second, inclusion in the Disadvantaged Area Schools Scheme entitles a school to additional staffing. A maximum class size of 29 pupils applies to all schools in the scheme. Additional posts and teachers surplus to quota in other schools are redeployed to these designated schools as 'concessionary posts'. Currently, over 300 primary schools are included in the Department's Scheme of Assistance to schools in Designated Areas of Disadvantage, covering a population of approximately 76,000 pupils. These schools are concentrated primarily in Dublin with only 2 per cent of designated disadvantaged schools in rural areas³ (Murphy, 2000).

3.5.8 Other Developments

In addition, there have been a number of initiatives taken by the department aimed at enhancing the capacity to tackle disadvantage in education. In 1998, the department established a Social Inclusion Unit to co-ordinate its policy on educational disadvantage. In 2001, an Educational Welfare Board was set up as a national authority to implement the provisions of the Education (Welfare) Act 2000, to promote school attendance and prevent school leaving. An Educational Disadvantage Committee was established in 2002 to advise the minister on policies and strategies to tackle educational disadvantage.

³This is in spite of the fact that, in absolute terms, the largest percentage of disadvantaged students in Ireland (61%) live in rural areas (Kelleghan et al. 1995).

3.6 Conclusion

As has been shown, policy responses to improve the wellbeing of children straddle a range of government departments. While there are a significant number of such mechanisms in place, the degree to which they are successful will ultimately depend on the holistic nature of policy planning with regard to children. The development of the National Children's Strategy and the establishment of the National Children's Office and the office of Ombudsman for Children, each aimed at improving children's wellbeing in a holistic manner, are positive developments in this regard. Such holistic policy planning and institutions, if met with sufficient resources and political will, should provide the necessary framework to plan for a successful reduction in poverty amongst children.



CHAPTER 4
**OVERVIEW OF CHILD
POVERTY IN IRELAND**

4.1 Demographics

According to recent Eurostat data (Eurostat, 2004) Ireland has the youngest population in the EU by some margin. The 2002 Census data indicate that some 26% of the population is comprised of children (under 18 years); the EU mean is some five percentage points lower at 21%. In addition, close to 40% of households have at least one child. Ireland also exhibits the highest population growth in the EU which means that the Irish are likely to retain their status as the youngest population in the EU for some time yet. This large youth population is almost double that of people aged 60 years or more (590,000).

Over the past decade, there have been approximately 55,000 births per annum, and this figure has remained relatively stable over this period. However, the long-term trend over time is for a decline in the size of the child population. Thus, for example, there are now approximately 54,000 children aged under one year, compared to almost 68,000 aged 21 years, according to the latest (2002) Census data (CSO, 2005). This downward trend is forecast to continue, although at a more moderate rate in Ireland than in most EU countries where there are significant population decreases.

4.2 Rates of Child Poverty, Trends and International Comparisons

Two measures of poverty are generally used in Ireland: relative income poverty and consistent poverty. Relative income poverty is measured by income alone. This measure of poverty defines the proportion of the population falling below a certain income level. The EU poverty line is set at 60% of median disposable income. In 2003, 60% of the median disposable income was €185 per week (CSO, 2005). Relative income poverty increased from 16% in 1994 to 20% in 1998 and 23% in 2003. This reflects increasing income inequality in Ireland and consequently the likelihood of a less socially cohesive society.

4.2.1 Consistent Child Poverty

Consistent poverty is when an individual experiences relative income poverty and an enforced lack of one or more items on a basic deprivation index, such as a lack of heating or not being able to pay everyday household expenses without falling into debt. The latest CSO data from 2003 indicate that children in Ireland are twice as likely to be poor as adults. Some 148,000 children are found to be in 'consistently poor' homes. This represents 14.6% of all children (CSO, 2005).

It can be argued that consistent poverty will be soon eradicated as living standards continue to rise across the country. If this is the case, then it is appropriate to consider the suitability of the basic deprivation index⁴ as a measure of poverty, especially in the future. This Statement argues that a new measure of child poverty needs to be derived which utilises child-specific deprivation indicators, as opposed to generic social indicators of living standards. Such a measurement should also be dynamic (indicators could change over time to reflect improving living standards).⁵

4.2.2 Relative Child Poverty

When we turn to relative poverty, 242,000 (23.9%) children are found to be living in 'relatively poor' homes where household income is below 60% of the median equivalised household income in Ireland. This figure represents among the highest rates of (relative) child poverty found across the European Union Member States. In addition to these data, Ireland performs poorly on other child welfare indicators, such as income, health, education and quality of life.

4.2.3 Risk Groups

Cross-country data from a recent study by Oxley *et al.* (2001) indicate that child poverty rates are lower among two-income families. Lone-parent households are exposed to a far greater incidence of child poverty than either dual-income or single-income two-parent households. However, it should also be noted that households with four or more children also face a higher risk. Children in 'work-poor' households (i.e. neither parent in paid work) fare the worst in terms of household typology.

In addition, children reared in a 'work-rich' (i.e. parent in employment) lone-parent household are at a considerably reduced risk of poverty compared to those in two-parent 'work-poor' homes. However, with the exception of Canada and the Netherlands (where high levels of income support are available for lone parents), children in 'work-poor' lone-parent households fare the worst in terms of poverty risk.

⁴ The deprivation indicators for consistent poverty are enforced lack of:

- One substantial meal each day
- Chicken, meat, fish, or its equivalent every second day
- A 'roast' or its equivalent once a week
- Two pairs of strong shoes
- A warm, waterproof coat
- New, rather than second-hand, clothes
- Home heating
- Being able to pay everyday household expenses without falling into debt

⁵ It should be noted that work is underway by the National Children's Office which aims to develop such indicators.

Data presented in a Combat Poverty-funded study in 2000 (Nolan, 2000) indicated that 69.7% of children in households where the Head of Household is unemployed fell below the 50% relative income poverty threshold in 1987 (based on 50% of the mean). This rose to 72.2% in 1994 and 75.9% in 1997. A similarly high incidence is reported among the ill/disabled, with 57.1%, 64.5% and 66.8% respectively. Such levels can be compared with households where the Head is an employee (5.8%, 6.3% and 8.7% respectively). Other labour force groups that fall in between both extremes of child poverty incidences include farmers (12% in 1997) the self-employed (19.4%), the retired (42.4%), those in the 'home duties' category (55.4%), and the ill/disabled (66.8%). The most recent data from the CSO continue to identify the unemployed and the ill/disabled as particular risk groups.

Therefore, as can be seen from the Nolan and Oxley *et al.* studies, main income source, or labour force status, is a key factor in predicting the risk of child poverty. *Ceteris paribus*, children whose parents are unemployed and/or dependent on social welfare are at a far higher risk of poverty than other households. Studies have also indicated that children in temporary accommodation and children of the Traveller community, as well as children whose parents are seeking asylum, are at a high risk of poverty (Sweeney, 2002). Institutionally-based children are also at an above-average risk of poverty.⁶

The most recent data from the CSO (2005) indicate that some 32.6% of lone parent families are found to be consistently poor. In terms of relative income poverty (or the 'poverty risk'), 22.7% of households in 2003 were found to be below 60% median equivalised income. The group demonstrating the highest poverty risk are lone parents, with 42.1% of these households below the poverty line. These data are not directly comparable to the former ECHP data as they are based on a different survey methodology and a different household panel. However, they do provide the most up-to-date statistics on poverty at the time of publication of this Policy Statement.

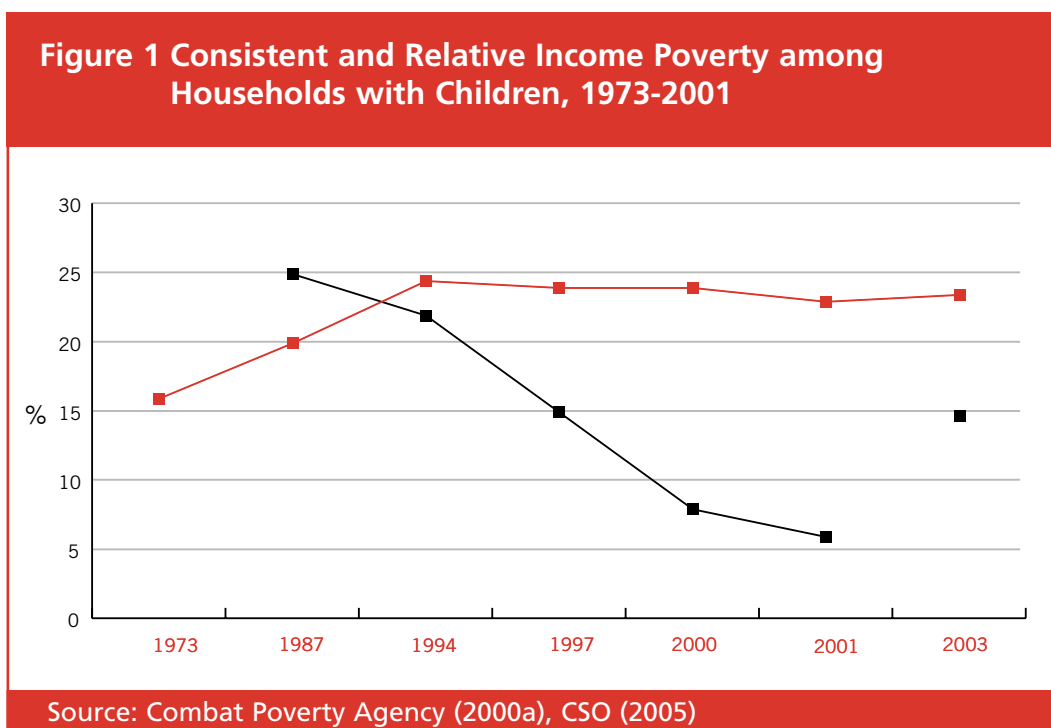
4.2.4 Child Poverty over Time

It is possible to combine a number of data sources to present a longitudinal analysis of child poverty in Ireland (see Figure 1). Looking at data from 1973 to 2003 it can be seen that relative income poverty (households with less than 60% median income) in

⁶ It should be noted that Traveller children, asylum-seekers, homeless children and those in temporary accommodation are not covered in the Living in Ireland surveys from which most poverty data are gathered.

households with children peaked in the mid-1990s, but some advances have been made over the so-called 'Celtic Tiger' period. The incidence of relative child poverty is now lower than in 1994, but only very marginally, at 23.9% compared with 24.5%. This fall over the ten-year period to 2003 represents a decrease of just 2.5%. However, the incidence remains stubbornly high and is about 50% higher than the level 20 years ago.

Consistent poverty in households with children (when measured as households with less than 60% of median income and suffering from multiple deprivation) fell far more substantially over the period 1987-2001 (Figure 1). Some 25% of households with children were deemed to be both relatively poor and also materially deprived. There had been a near-linear decline in the incidence of consistent child poverty over the 14-year period in Fig. 1. In 2001, the level of consistent child poverty (at 6.5%) was approximately one-quarter the level found in 1987, when 25% of children were found to be living in consistent poverty. However, new data from the EU-SILC point to a rate of consistent poverty among children in 2003 of 14.6%, over twice the incidence reported in the final Wave of the Living in Ireland survey in 2001. It is important to stress, once again, that these data are not directly comparable to the former ECHP data as they are based on a different survey methodology and a different household panel.



4.2.5 Comparison with Other Countries

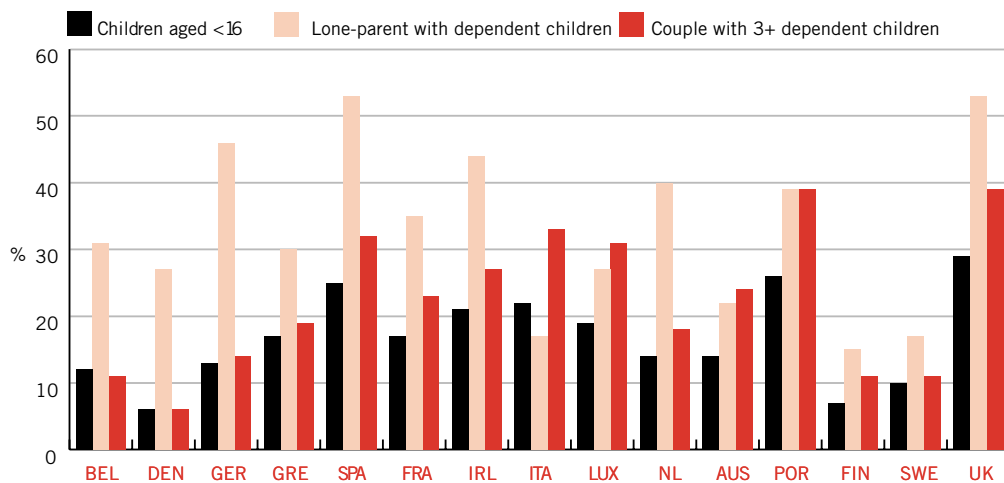
UNICEF have calculated relative poverty among households with children across a wide range of countries using a 50% income threshold, i.e. poor households were classified as those whose income was less than 50% of median household income. They found that Mexico and the USA demonstrated the highest levels of child poverty in the 'western world'. In the European Union only Italy performed worse than Ireland in their study, with an incidence of child poverty of 15.7% (based on 50% of median national income). Conversely, Sweden, Norway, Finland and Denmark all demonstrated negligible rates of child poverty of 4% or less.

Eurostat recently published data on income poverty among households with children using a 60% median income threshold, which has become a benchmark poverty threshold in recent times (Eurostat, 2004). The data (graphed in Figure 2) reveal that little has changed in the league table of child poverty. Using these 1999 data, the UK has the highest level of child poverty, at 29%. Ireland performs poorly, with a level of child poverty of 21%. Such rates can be compared with those found in Denmark and Finland, where levels of 6% and 7% are found respectively. The EU-15 mean level of child poverty is 19%. If we turn our attention to one-parent families, the UK and Spain fare worst, with poverty rates of 53% respectively. Ireland is some way behind the very worst countries, with an income poverty rate of 44% for lone parents, but higher than the EU-15 average incidence of 38%. A quarter of couples with three or more dependent children suffer income poverty in the EU-15. Again, Ireland has an above-average rate of income poverty for this household typology, with 27% affected.

4.3 Experience of Childhood Poverty: Qualitative Information

A number of short-term effects of child poverty have been identified in the literature. Social and material deprivation, social exclusion and bullying are often found among children who live in poor households. In the longer term, ill health, poor physical and mental development, low levels of educational attainment, reduced occupational attainment, decreased life opportunities and reduced life expectancy have all been linked with exposure to child poverty.

Figure 2 Comparative Income Poverty among Families with Children, 1999



Source: Eurostat (2004)

A recent study by UNICEF (United Nations, 2000) indicated that children from poor households are at increased risk of:

- doing poorly in school;
- becoming teenage parents;
- spending time in prison;
- not finding good-quality employment;
- child abuse;
- youth homelessness.

Recent research, funded by the Combat Poverty Agency, on the experiences of families on low incomes in Ireland (Daly and Leonard, 2002) highlighted that poor children are highly self-aware of their family's economic status. As one child in the study remarked,

'I think I get less. It makes me sort of jealous. I would like to get more than I do.'

Children in poor households face strong external pressures from their peers and this has effects on morale and psychological well-being, as was stated. Some quotations from children in the study bear out this point strongly:

'The worst thing is being bullied and being frightened of being beaten up.'

'I get very nervous when people slag me.'

In terms of material deprivation, it would appear that there is significant peer pressure on children in relation to purchasing expensive, labelled designer clothing which children from poor families often must do without:

'I hate the clothes I'm wearing because they're in bits. My clothes are cheap and they rip too easily.'

Bullying appears to be a very significant issue for children in low-income families, with one-quarter of children who participated in the Daly and Leonard study reporting direct experience of being bullied. Many of these children are not happy in school, and many find it difficult to do homework at home because of issues such as overcrowding:

'It's hard to do homework in this house. I go to my room but the kids would be playing and shouting and making noise. It's hard to study. I would like my own room.'

The negative disposition towards school was evident, with one-third of children in the sample stating that school was nothing more than a venue for meeting friends. When asked what he thought of school, one 16-year-old child responded:

'Not a thing ... I loathe it. I hate it!'

The study indicated that many children from poor families 'tone down' their wish list for Christmas. Poor children's dreams and fantasies were found to be coloured with a sense of mundane realism, as the following quote from a 12-year-old girl demonstrates:

'I would ask for a mansion and a car and ... oh tickets to see Britney Spears. I love Britney Spears. You know I had a dream about Britney Spears. I dreamt she came to our house, but when I woke up I knew it wasn't true. Britney Spears wouldn't come to a house like this.'



CHAPTER 5
CHILD INCOME SUPPORT

5.1 Introduction

A number of measures are currently in place in Ireland which either directly or indirectly impact on the level of child poverty. The two main broad measures in place to prevent child poverty are:

- **Child Income Support**
 - Child Benefit
 - Child Dependent Allowances
 - Other child-related financial supports, including Family Income Supplement
- **Service Provision for Children**
 - Education
 - Healthcare
 - Childcare
 - Housing
 - Family Services

Income support for child-related payments accounted for 16.6% of total social welfare expenditure in 2002, making it the third-largest category of expenditure out of nine spending sectors. This chapter focuses on child income support in Ireland and compares income support levels with those found in other EU Member States using data from a new study by Bradshaw and Finch (2002). Chapter 6 then presents similar data and cross-country analysis on service provision levels for households with children.

5.2 Child Income Support in Ireland

The income support system in place in Ireland is an *ad hoc* approach to supporting the costs of rearing children. The cost of the system is almost €2.3 billion in terms of the aggregate social welfare package available, excluding tax credits for families with children. There are two main strands to income support for families with children: universal income support comes in the form of Child Benefit (CB), and Child Dependent Allowances (CDAs), Family Income Supplement (FIS) and One-Parent Family Payments account for the bulk of the targeted income supports. There are also a number of indirect support mechanisms. Table 3 summarises the key income support mechanisms aimed at families with children and the expenditure on these supports in 2002.

Table 3 Social Welfare Supports for Families with Children and Outlays in 2002/03⁷

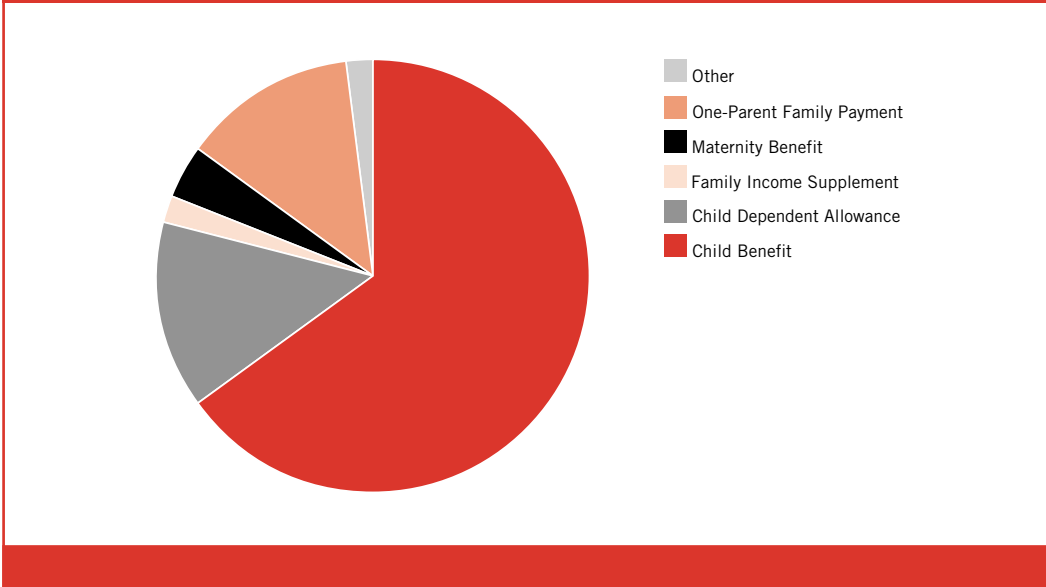
Supports	€m
Adoptive Benefit	0.58
Back-to-School Clothing and Footwear Allowance	15.23
Child Benefit	1,462.79
Child Dependent Allowances	312.00
Child-Related Exceptional Needs & Urgent Needs Payments*	5.03
Family Income Supplement	42.40
Child-Related Health and Safety Benefit*	0.10
Maternity Benefit	99.13
One-Parent Family Payment (Net of CDA)	301.04
Orphan's Contributory Allowance	11.62
Orphan's Non-Contributory Pension	4.50
School Meals	2.02
Total	2,256.44

Source: Derived from DSFA (2003) * Figures for 2003 (DSFA, 2004b)

It is clear from Figure 3 that the Child Benefit expenditure represented the largest slice (65%) of the social welfare expenditure on families with children in 2002. This is not surprising given that this measure is 'universal' and is given to all households with children. Child Dependent Allowances represents the largest *targeted* social welfare outlay for families with children. The 2002 data indicate that some €312 million was spent that year on this measure which represents 14% of the total social welfare spend on families with children in 2002. The One-Parent Family Payment accounted for just over €613 million for 2002, of which just over €301 million (13% of total expenditure) was net of the CDA component. Conversely, measures such as Adoptive Benefit and Health and Safety Benefit account for very negligible shares of total social welfare spending on families with children in 2002, with just €580,000 and €100,000 spent

⁷ Note that more recent data are available for some, though not all, of the schemes outlined in Table 3. Also note that in addition to these payments, some expenditure also accrues to child-related carer's allowance and carer's benefit payments which are not included as it was not possible to get the total outlays on these schemes disaggregated for child-specific payments.

Figure 3 Various Social Welfare Supports for Families with Children as a % of Total Expenditure on Same (2002/03)



on these two measures respectively. The total spend on schemes such as Adoptive Benefit, the Back-to-School Allowance, Child-Related Health and Safety Benefit, Child-Related Exceptional Needs and Urgent Needs Payments, Orphan’s Contributory and Non-Contributory Pensions and School Meals, at approximately €39 million, accounted for just 2% of the total income support pie.⁸

Corrigan (2004) has noted that the equivalence scales set for children by the Social Welfare Benchmarking and Indexation Working Group in 2000 have already been achieved. The Working Group recommended that child income should be at an equivalence scale of 33% to 35% of adult social welfare rates. Indeed, the One-Parent Family Payment is currently set at 36.8% implied equivalence scale. However, such positive findings need to be handled with extreme caution, as there are a number of serious caveats which are discussed in the conclusions later.

5.2.1 Child Benefit

Child Benefit is a universal income support given to all households with children in Ireland.⁹ There are two rates of Child Benefit: those with two or fewer children receive a basic Child Benefit rate, and those with more than 2 children receive an additional 25% for the

⁸ Although it should be noted that certain schemes, such as the School Meals Scheme, have been allocated increased resources in 2003 and 2004.

⁹ Although, as and from 2004, a habitual residency test has been introduced, so the measure is arguably no longer ‘universal’.

additional children. There have been significant increases in the levels of monthly Child Benefit over the past few years, as can be seen in Table 4 below.

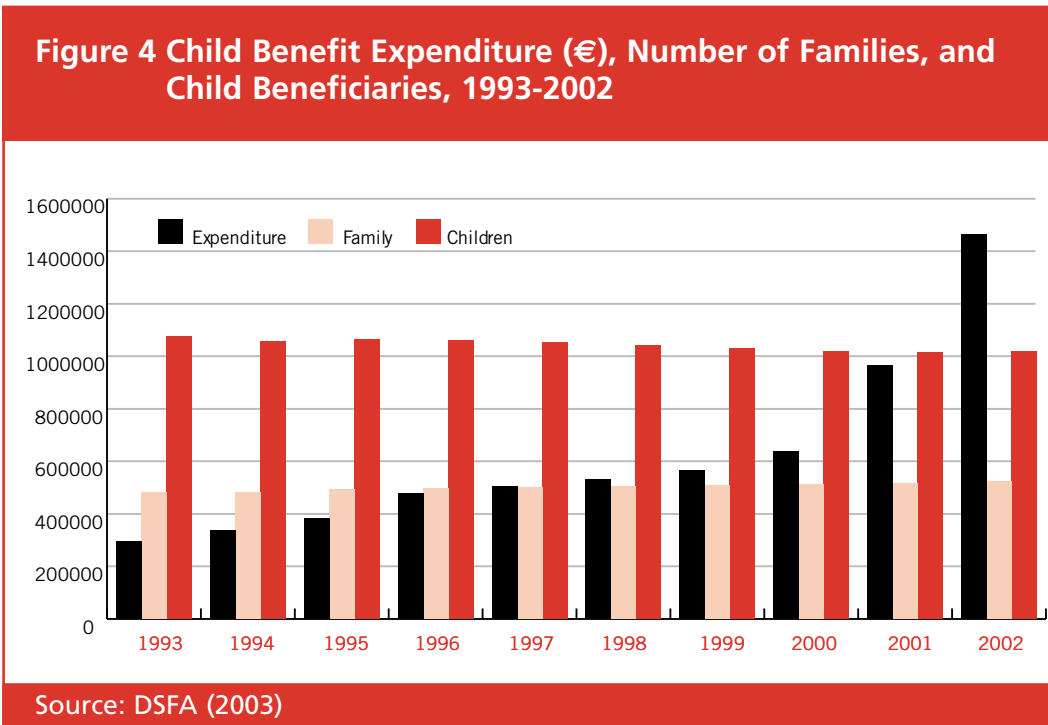
Table 4 Increases in Monthly Child Benefit and Actual Monthly Levels (€), 2000-2005

Budget Year	Rate 1 Increase (€)	Rate 2 Increase (€)	Rate 1 Actual Level (€)	Rate 2 Actual Level (€)
2000	10	13	49.60	70.30
2001	32	38	59.60	83.30
2002	32	38	91.60	121.30
2003	8	10	123.60	159.30
2004	6	8	131.60	169.30
2005	10	12	141.60	177.30

Source: www.finance.gov.ie and authors' own calculations

The 2005 levels are €141.60 and €177.30 and came into operation in April 2005. The Government had set a minimum Child Benefit target of €149.90 and €185.40 by 2003, which has been deferred twice. These targets remain unrealised. The national partnership agreement *Sustaining Progress* stated that this commitment would be met by Budgets 2004 and 2005 but Government has not met its commitment. It was stated in the 2005 Budget Speech that Child Benefit targets will be met in 2006. Budget 2006 must provide sufficient increases in Child Benefit at both rates to compensate for the repeated deferral of Child Benefit targets which has meant that the real value (net of consumer price inflation) of such targets has fallen. Even in such an event, however, this will not compensate households because of significant increases in living costs since the first deferral of the targets.

Figure 4 sets out expenditure on Child Benefit in Ireland over the past decade (1993-2002) and also illustrates the number of families and children who benefit from the support. Expenditure has risen dramatically in 2001 and 2002 and spending levels are now about four times those of 1993 (€1,463m compared with €294m). There has been an 8% increase in the number of families receiving the support in the same time period, with 522,000 families in receipt of Child Benefit in 2002. However, there are 5% fewer children in receipt of Child Benefit now than in 1993 (1.02m children in 2002); this is likely to be attributable to demographic factors and changing family compositions over time.



5.2.2 Child Dependent Allowances

Child Dependent Allowances (CDAs) are targeted top-up measures for social welfare households. There are three rates, starting at €16.80 per week, with a top rate of €21.60. The Social Welfare (Miscellaneous Provisions) Acts provide for the introduction of a range of social welfare improvements announced in recent Budgets, including the extension of Child Dependent Allowances for certain children recipients of short-term social welfare payments. They also provide for changes in the means test for certain social assistance schemes. However, the rates have been frozen since 1994 and are not even index-linked, with the emphasis being on increases in universal Child Benefit which is not subject to poverty traps. This entails that the real value of CDAs has fallen by 32.4% when rises in the Consumer Price Index have been controlled for.¹⁰ 2002 spending amounted to €312m which is €57m less in nominal terms than expenditure on CDAs in 1993. This fall of 18.3% over the decade illustrates the falling numbers in receipt of the CDA over time which is most likely attributable to demographics and the fact that fewer families are in receipt of social welfare payments since the beginning of the 'Celtic Tiger' years.

It is clear that this measure now requires a serious policy shift. CDAs are, in effect, in the process of gradual and steady erosion and have been ignored for a full decade. The future of this mechanism needs to be considered. Combat Poverty believes there are four potential

¹⁰ www.cso.ie

policy options. The first would be a do-nothing scenario, which would entail that CDAs will continue to decline in real terms and eventually their value will become negligible in the long-term. The second option would be to index-link the CDAs to provide for annual increases in line with the Consumer Price Index. The third option would be to increase CDAs above the rate of inflation. This would represent a shift in recent Government policy which has provided for improvements in universal, as opposed to targeted, income support for children. The fourth option would be to combine the CDAs with the Family Income Support mechanism (discussed later) or introduce some form of a targeted Child Benefit Supplement. The former was the recommendation of the 1986 Commission on Social Welfare and was also mentioned in *Sustaining Progress* as a topic for consideration which is currently being reviewed under the End Child Poverty Special Initiative.

A Child Benefit Supplement has been discussed before at several instances, most notably in the 1996 Expert Working Group Report on Integrating Tax and Social Welfare (Government of Ireland, 1996), and more recently by the Minister for Social and Family Affairs. In this option, Child Benefit would continue to be paid on a universal basis. In addition, Child Benefit Supplement (CBS) would be paid to all families whose income falls below a given threshold regardless of whether their income comes from employment or social welfare. There are concerns with such schemes if withdrawal rates are not effectively tapered as it would worsen poverty traps. However, a tapered CBS scheme could result in better vertical equity with high redistributive gains predicted amongst the poorest households. Such a supplement should be re-examined as a potential alternative policy option to the CDA/FIS amalgamation.

If the former option of a gradual phasing out of CDA support is adopted, there will be a need to either invest more in universal income support like Child Benefit or improve the levels of subvention in areas such as childcare and children's healthcare to compensate for the real decreases in CDAs over the past ten years. If the policy option of increasing targeted income support for children in the form of CDAs is adopted, then it may be prudent not to increase (above indexation and set targets) universal income support measures (like Child Benefit) in successive future Budgets. It is timely now to review the current policy direction. It is argued in this Statement that the current trend since Budget 2003 for real declining CDAs, moderate improvements in Child Benefit, and static or decreasing subsidisation of services for children is not the most efficient or effective policy package in terms of reducing child poverty, which is a key policy

priority of Government. This is because international evidence indicates that the best way to tackle child poverty is to dedicate a large share of total child-related expenditure on universal service provision rather than targeted income support measures, as has been noted by Bradshaw and Finch (2002). This is discussed in more detail in section 5.3 of this chapter.

5.2.3 Family Income Supplement

The Family Income Supplement (FIS) is paid to low-income working families with children as a top-up income support measure. This is a particularly useful policy mechanism for low-income working households, as research has indicated that as many as one-third of children in poverty live in working households (Whelan *et al.*, 2003). Under FIS, a minimum of €20 is paid to families per week. It is calculated at 60% of the difference between net earnings and the relevant income limit. In 2005 income thresholds for FIS rose by €39 per week. There are eight income thresholds which are related to the number of dependent children in the household. FIS thresholds are outlined in Table 5.

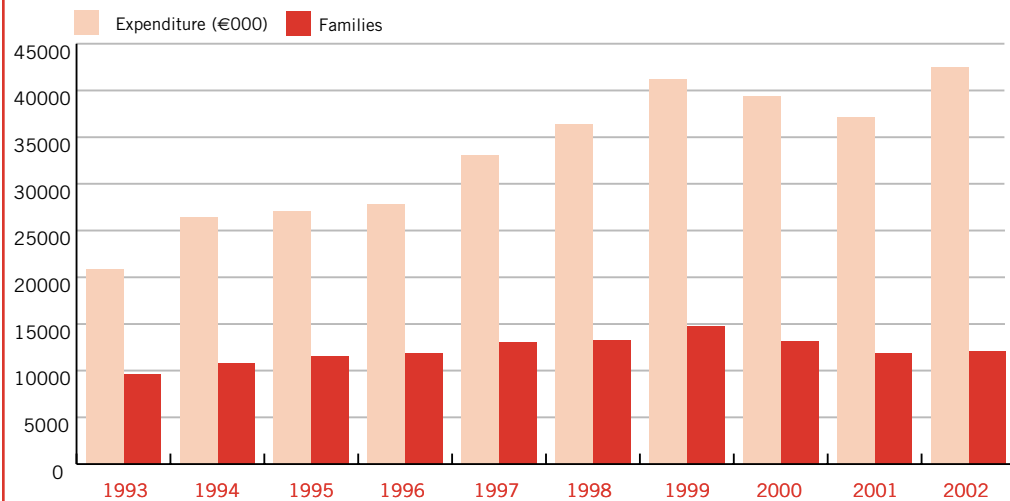
Table 5 2005 FIS Income Thresholds

# CHILDREN	WEEKLY INCOME THRESHOLD (€)
1 child	446
2 children	472
3 children	497
4 children	522
5 children	554
6 children	580
7 children	601
8+ children	623

Source: DSFA (2004a)

Figure 5 sets out expenditure on FIS over the period 1993-2002. The number of families in receipt of FIS are also illustrated. Spending on FIS has doubled over the ten years 1993-2002, with 2002 expenditure running at €42.4m. There has been a 26% increase in the number of families taking up this income supplement since its commencement, but it is probably fair to state that FIS take-up has not yet reached its potential. Just 12,000 families availed of the scheme in 2002. Some commentators have noted that there is an information gap in

Figure 5 Expenditure on FIS (€000) and Number of Beneficiary Families



Source: DSFA (2003)

relation to FIS, with many low-income householders unaware of the scheme. It has been estimated that take-up of FIS is as low as 35% (Comhairle, 2004). Clearly, policies need to be implemented to reduce this information asymmetry so that the take-up of FIS is improved further over time. The UK introduced a means-tested Working Families Tax Credit in 2003. This is paid through the employer, and as such provides for a closer link between the tax and benefit systems. It will be interesting to note in due time whether there is a greater take-up of the Working Families Tax Credit than often occurs with means-tested benefits.

5.2.4 Summary

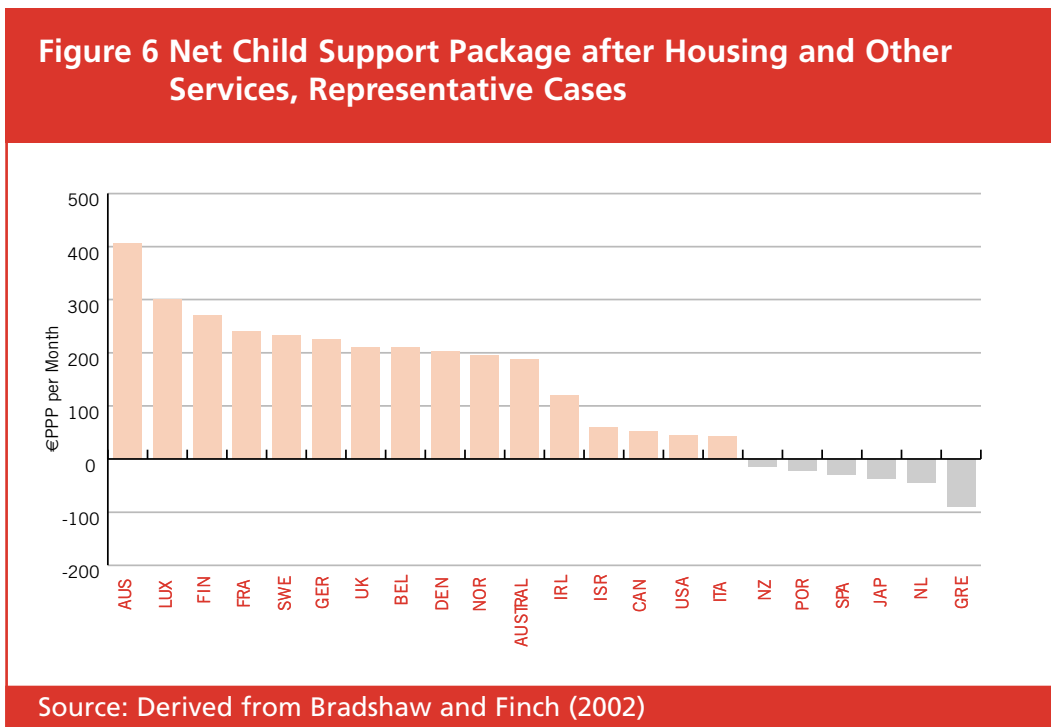
It is clear from past expenditure trends that the structure of child income support in Ireland has moved from a primarily means-tested model in the 1980s and early 1990s to a model which places a much greater emphasis on universal Child Benefit in the child support envelope. This evolution towards a more 'universalist' delivery model is in line with thinking in countries such as the Nordic states which have traditionally utilised universal models of service provision rather than means-tested approaches. Such countries tend to have the lowest levels of child poverty.

5.3 Child Income Support in a Comparative Context

5.3.1 Comparative Child Support Levels

Each industrial country has a ‘package’ of tax allowances, cash benefits, exemptions from charges, subsidies and services-in-kind which assist parents with the costs of raising children. Figure 6 illustrates the results of an investigation into net child support levels in 22 industrialised countries by Bradshaw and Finch in 2002. The negative child support figures in the graph occur for some countries because housing costs and charges for services negate the values of tax and cash benefits for families with children. These data are calculated for a ‘representative’ sample of families across the countries in the study and can be taken as good estimates of typical net benefit levels to families with children.

Ireland’s ranking is poor relative to many of the other countries in the study, with a mean net child support package of just €120 per month compared with over €400 in Austria and €300 in Luxembourg. More discussion on the reasons behind this poor result is provided later in this chapter.



5.3.2 Universal-Vs-Targeted Measures

In terms of the structure of child support, universal (non-income-related, employment-neutral) Child Benefit remains the most preponderant vehicle for delivering child income support, according to data in Bradshaw and Finch (2002). However, some 13 of the 22 countries in the study have an income-related child support component to their package of income support measures for children. The main shift in Europe and elsewhere has been towards using the tax system to distribute resources to families with children. Having said this, eight of the 22 countries in the study – namely Austria, Denmark, Finland, Ireland, Israel, Norway, Portugal and Sweden – do not have income tax credits for families with children. Overall, Ireland has a relatively high level of universal child support as a proportion of its total spend on child support, with almost two-thirds of the child income support envelope dedicated to Child Benefit (see Table 3 and Figure 3). The current Irish policy of a relatively high degree of universal child support is also found in countries such as Austria, Belgium, Denmark, Finland, Luxembourg, Norway, Sweden and, to a lesser extent, the UK. Conversely, Australia, Germany, Italy, Portugal, Spain and the USA all have a far more targeted system of child support.

In general, and with some notable exceptions, the countries with the most generous child support mechanisms are not those countries which employ high levels of targeting (either through tax credits or income-related benefits) in their child support packages. They are, rather, countries that deliver a large proportion of their child support as a universal (i.e. non-income-related) payment. The following summary ranking in Table 6 illustrates child support generosity by country, according to a typology devised by Bradshaw and Finch. It is likely that Ireland’s position could have risen to the second rank since their study was conducted, as income support in Ireland has become more generous and more universalist.

Table 6 Rank of Countries by Child Income Support

Rank	Countries
Leaders	Austria, Luxembourg, Finland
2nd Rank	France, Sweden, Germany, UK, Belgium, Denmark, Norway, Australia
3rd Rank	Ireland, Israel, Canada, USA, Italy
Laggards	New Zealand, Portugal, Spain, Japan, Netherlands, Greece

Source: Bradshaw and Finch (2002)

5.3.3 Replacement Rates

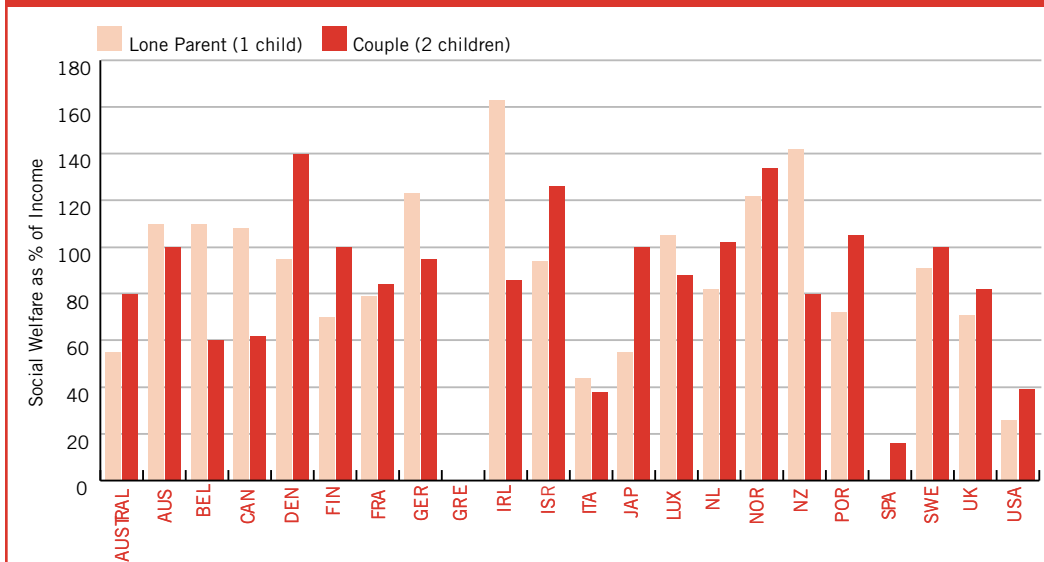
It is very useful to examine what economists refer to as 'replacement rates', i.e. the proportion of net in-work earnings that would be 'replaced' by social assistance. Replacement rates are often defined as the ratio of social welfare benefits to wage-indexed gross earnings. They are often seen as a particularly difficult issue for lone-parent families. Some countries in the Bradshaw and Finch study exhibit very high replacement rates; these are countries that tend to be less anxious about work incentives. Ireland has the highest replacement rate for lone parents in the 22 countries studied by Bradshaw and Finch. Social welfare payments to lone parents in Ireland are over 160% that of net in-work income.

The results for Irish lone parents corroborate the findings of the NESF report on lone parents (NESF, 2001) which found that the participation rate by lone parents in the labour force in Ireland (at about 35%) is well below that in other countries, e.g. in Finland the rate is 65%. For couples with children, there are lower replacement rates in Ireland (about 85%) which entails that there is more of an incentive to work and lose potential social welfare benefits than to remain unemployed.

The high replacement rates for lone parents are a product, in no small part, of the relatively generous lone-parent income support package in Ireland. However, this is negated by the poor level of service provision, especially in relation to childcare. Government policy in Ireland, therefore, encourages lone parents to stay at home and raise their children rather than work. This is at odds with social welfare (and labour) policy in many European (and other) countries which provides more modest income support to lone parents, but subsidises childcare and other services to enable lone parents to contribute to the workforce.

This is not to say that a correct policy response would be to make access to income and services more restrictive than supportive. What is perhaps required is a better balance of supports which provides more options to lone parents in Ireland than is currently the case. In this respect, tapering of benefits is crucially important so that lone parents do not suddenly lose all benefits when taking up employment resulting in poverty-trap effects. It is also clear that it is difficult for lone parents to know what they will gain and lose by taking up employment because of the information gap that exists due to the complex welfare provision system in place for lone parents.

Figure 7 Replacement Rates at Half Average Earnings¹¹



Source: Bradshaw and Finch (2002)

The lowest replacement rates for lone-parent families are found in Italy, Spain and the USA where social welfare benefits for families with children are particularly low. These countries are characterised by exhibiting high levels of anxiety about work disincentives. Policies that result in more flexible working conditions and flexible training options should lead to a positive impact on replacement rates. Bringing people into work that pays and removes people from so-called 'benefits' traps' is seen as a key way forward for countries characterised by a liberal welfare regime like Ireland's (Hoelscher, 2004).

5.3.4 Marginal Tax Rates

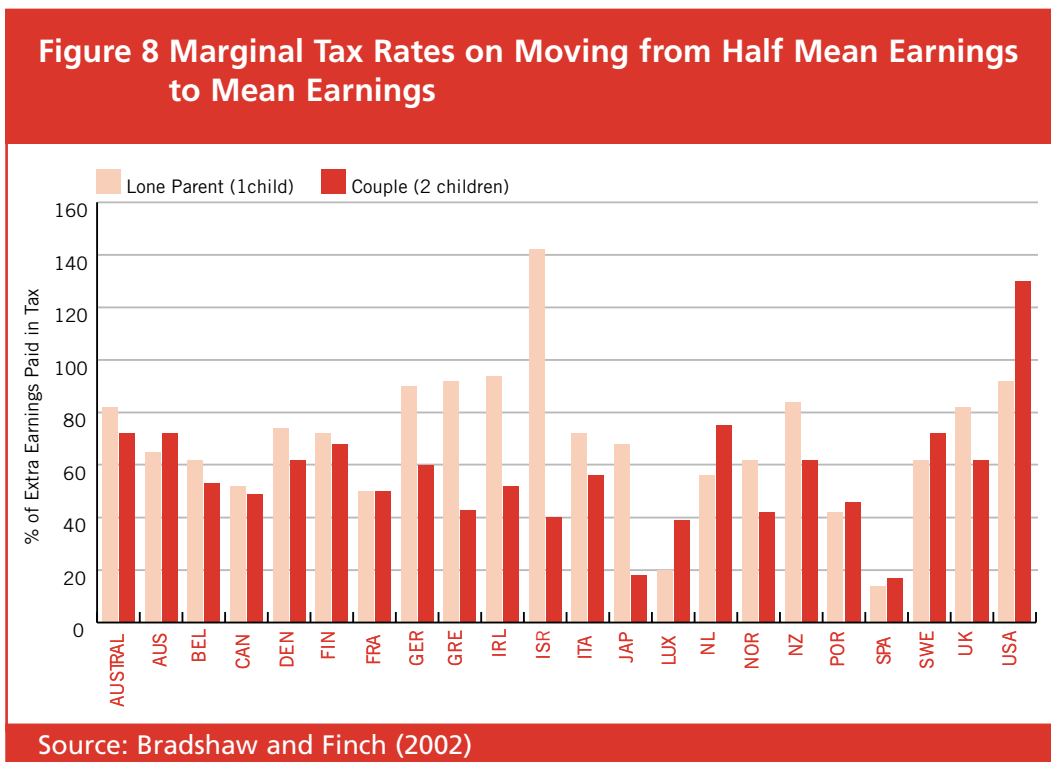
Economists define the marginal tax rate as the proportion of potential extra earnings that are foregone in extra direct taxes and loss of income-related benefits. Put more generically, they represent the tax rate that would have to be paid on any additional taxable income earned. Again, countries more anxious about work incentivisation tend to demonstrate higher marginal tax rates than others, especially towards the lowest deciles in the income schedule. This is due to a strong reliance on income-related benefits and tax credits which are withdrawn as earnings rise. The loss of childcare subsidisation is a particular cause of high marginal tax rates for lone parents in many European countries. However, this is less likely to be the case for the high marginal tax rates in Ireland, as there are few

¹¹ Note that Greek data have been purposely omitted because of quality issues.

subsidies towards childcare. Rather, high marginal tax rates in Ireland, among lone parents in particular, are most likely to be a product of the potential loss of medical cards, the One-Parent Family Payment, CDAs and FIS.

Figure 8 illustrates the marginal tax rates calculated by Bradshaw and Finch (2002) for lone parents with one child, and also for couples with two children. The graph indicates that the Irish marginal tax rate for lone parents moving from half mean earnings to mean earnings is almost 95%. This entails that lone parents currently on half average industrial earnings and in receipt of social welfare would need to double their income if they were to move from welfare to work before they would reap any net gain once welfare losses have been taken into account. The Irish marginal tax rate for lone parents is the highest in the European Union; only Israel demonstrates a higher marginal tax rate in the 22-country analysis.

With regard to couples with children, most countries demonstrate lower marginal tax rates, yet these remain significant. This is found to be the case in Ireland, where the marginal tax rate is found to be approximately 55% for couples with two children.



5.4 Conclusions

The cross-country analysis of child income support in this chapter of the Policy Statement has yielded the following insights.

1 Ireland Has an Ostensibly Generous Child Support Package

First, Ireland spent approximately €2.3 billion on its child support package in 2002, and this figure is rising over time. Some 65% of this was dedicated to universal Child Benefit, as can be seen in the illustrative pie-chart in Figure 3. The One-Parent Family Payment accounts for 13% of the child income support package, and Child Dependent Allowances account for 14% of the total outlay on families with children. Therefore, the Irish child income support package is characterised by a high universal Child Benefit component (as is often found in countries with low child poverty rates), supplemented by a smaller degree of targeting (35% of social welfare supports for children were targeted measures).

Moreover, as has been noted by Corrigan (2004), the equivalence scales set for children by the Social Welfare Benchmarking and Indexation Working Group in 2000 have already been achieved. The Working Group recommended that child income should be at an equivalence scale of 33-35% of adult social welfare rates. Indeed, the One-Parent Family Payment is currently set at 36.8% implied equivalence scale. However, such positive findings need to be handled with caution, as there are a number of caveats which are discussed later in Chapter 7.

2 Ireland Exhibits High Replacement Rates and High Marginal Tax Rates for Lone Parents

While Irish couples with children demonstrate comparatively average replacement rates and marginal tax rates, lone parents in Ireland exhibit the highest replacement rates and marginal tax levels in the EU. This entails that there are few incentives for lone parents to work as there is a high opportunity cost of employment (the replacement rate for lone parents is up to 165% and their marginal tax rate is as high as 95%) which results from a sudden loss of social welfare benefits on taking up employment.

Ireland invests a comparatively negligible level of resources on childcare services for families with children and does not taper the targeted provision of income support and childcare services in an effective manner so as to enable low-income families to gain employment without the risk of total loss of such benefits. This is especially the case for many one-parent families who, because of few opportunities for subsidised childcare, often have little option but to stay at home and raise their children, remaining exposed to poverty traps.



CHAPTER 6
**SERVICES FOR FAMILIES
WITH CHILDREN**

6.1 Introduction

It is clear that, in addition to income support, the provision of affordable, accessible, good-quality services for children is critical if it is a goal of social policy that children are not raised in poverty. A recent study of child poverty in France highlighted the importance of services, especially schooling, on the level of child poverty (CERC, 2004). More generally, education, childcare, healthcare and housing are the main services that children will require in this regard. The common public policy objective of so-called 'family-friendly' policy across the OECD is to support parents in making their work and care decisions. However, parental labour market outcomes differ widely across countries and these can be directly related to cross-country differences in childcare policy, tax/benefit policy and time-related workplace support for parents, as has been noted by Willem Adema (OECD, 2003).

The relative position of Ireland compared to its European (and global) counterparts from the perspective of service provision for families with children is presented in the following sections.

6.2 Services for Children in a Comparative Context

This section presents a comparative analysis of child support in the form of subsidies towards education, childcare, healthcare and housing. The data are drawn primarily from Bradshaw and Finch (2002) unless otherwise specified.

6.2.1 Education

For most parents in industrialised countries, basic (viz. primary and secondary) education is fundamentally free. However, there are additional costs associated with children's schooling. These include school meals, school uniforms (and other school clothes), books, equipment and stationery costs, transport costs and costs associated with extra-mural activities. Bradshaw and Finch conducted a matrix analysis for the 22 countries in their study on education costs and benefits. They entered into the matrix compulsory costs and benefits. However, transport costs were not factored into the matrix as it was assumed that children lived close enough to be able to walk to school; this entails a possible underestimation of the costs of education in the matrices. Compulsory charges for books, equipment, outings and other such fees were entered into the matrix as negative amounts.

The study also assumed that parents had to pay for their children's lunch, but in the cases of subsidised meals these were entered into the matrix as positive sums.

The results of the exercise shows great diversity across the group of 22 industrialised countries, as summarised in Figure 9. Three case studies are illustrated from the matrices and pertain to a couple with two school-age children.¹² Case 1 relates to a household with one earner on half mean male earnings. Case 2 is illustrative of one earner on mean male earnings. Case 3 represents two earners on average male and female earnings.

From the Figure, it is clear that there are three broad typologies evident across the 22 countries: the first group consists of countries that have a neutral benefit/cost associated with educating their children, i.e. where there is full subsidisation of school fees, books, clothes, etc.; the second group comprises countries where there is a clear cost associated with schooling; and the third category includes those countries that actually provide education at *negative cost*, i.e. they provide families with a net monetary benefit to assist in their children's education.

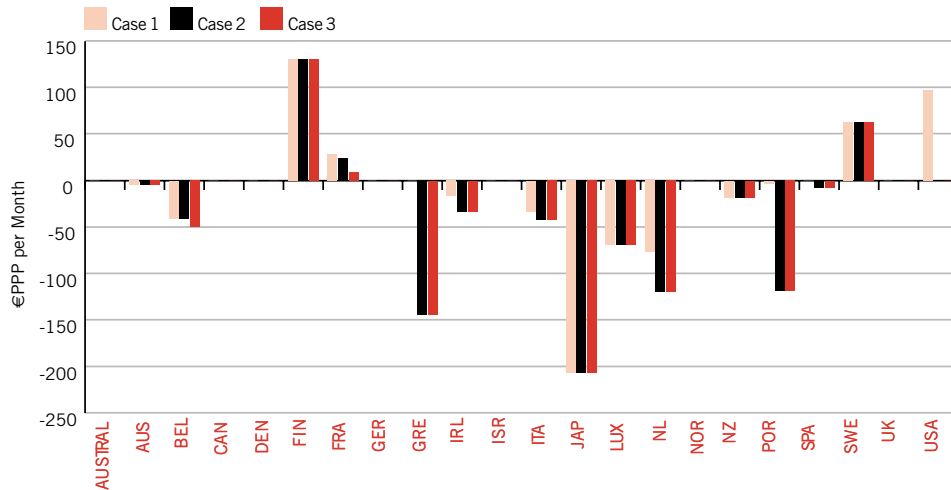
Ireland clearly falls into the second category in which there is a net cost associated with schooling. This net cost of education varies from €17 per month for poor households to €33 for more affluent households. This is comprised mainly of the cost of school books and equipment and school meals, most of which are borne by the parents. In Ireland there are no additional allowances for young people (16-18 year-olds) who remain in full-time education after the school leaving age, other than standard-rate child benefit.

However, there is a Back to School Clothing and Footwear Allowance, as detailed earlier in Table 3, which allows for assistance for schoolchildren in families who receive Child-Dependent Allowances.

There is also a School Meals Scheme in operation which provides subsidised meals to children in schools where over 50% of pupils are housed in local-authority (social) housing. There is no legal obligation on the part of local authorities to provide this amenity (see Section 3.3.2).

¹² These family types and income cases are based on the 'Model Family Method' which attempts to make cross-country comparisons of tax/benefit packages controlling for some inherent variations. At best, it tries to compare like with like. It has been developed by the OECD and employed in many published studies (e.g. Ditch et al., 1998; Kilkey, 2001).

Figure 9 Net Education Benefit (After Fees, Books and Other Charges) for Various Family Types¹³



Source: Derived from Bradshaw and Finch (2002)

Income support for children’s education in Ireland is becoming eroded over time as the norms and expectations have shifted upwards. Children of the current generation take part in far more extra-mural activities than in previous generations. Such costs are not covered by the State, resulting in poorer children being excluded from such valuable and enriching activities. The universal nature of the education system must be upheld in order to avoid increased educational inequality.

In Australia, Canada, Denmark, Germany, Israel, Norway and the UK there are no financial costs associated with children’s education, i.e. there is full subsidisation of fees for public schools, school uniforms (if applicable) and school meals. Conversely, Japan has the highest net costs associated with schooling. These amount to over €200 per month, much of which is related to the costs associated with after-school ‘grinds’ schools which are attended by the vast majority of Japanese students. Greece also performs poorly in this matrix, due to high private tuition fees which also appear to be the norm in Greek society. The Netherlands’ and Portugal’s poor faring is due mainly to expensive school books.

¹³ ‘PPP’ or Purchasing Power Parity is a very commonly used model of exchange rate determination, stating that the price of a good in one country should equal the price of the same good in another country, exchanged at the current rate. Because goods and services may cost more in one country than in another, PPP allows us to make more accurate comparisons of standards of living across countries. PPP estimates use price comparisons of comparable items, but since not all items can be matched exactly across countries and time, the estimates are not always ‘robust’. PPP monetary values in Euro are used throughout this, and subsequent, sections.

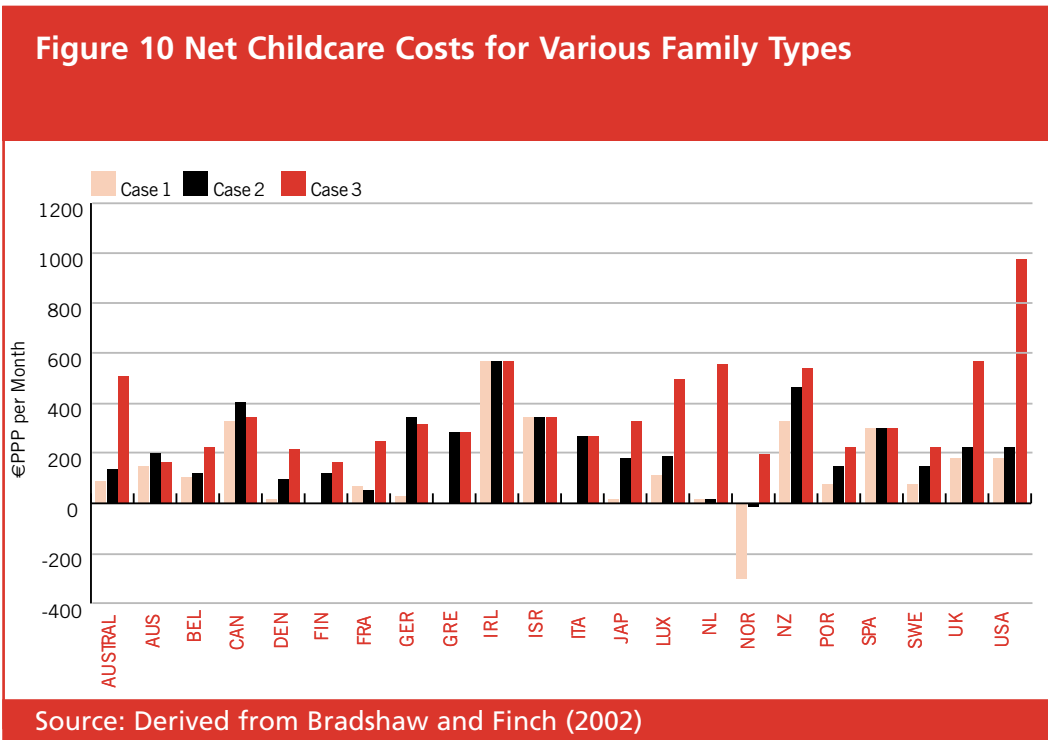
6.2.2 Childcare

While the cost of childcare generally falls on parents to a greater extent in most countries, the level of government subvention varies considerably. Figure 10 illustrates the typical net per-month expenditure on full-time childcare after childcare benefit (if applicable) has been deducted. There are three case-study typologies once more: Case 1 represents a lone parent on half average earnings; Case 2 is indicative of a lone parent on average earnings; and Case 3 illustrates the position of dual-income couples on average male earnings and average female earnings.

It is clear that there is great variation in subsidisation across the 22 countries examined by Bradshaw and Finch. Ireland's ranking in terms of net childcare costs is extraordinarily high, performing the worst overall out of all countries examined, with typical net childcare costs of €570 per month (adjusted for purchasing parity). The flat level of costs across all three cases is indicative of the fact that there is no policy of childcare subsidisation in Ireland. This is most unusual, not just in terms of European comparative policy on childcare which provides some support for parents in this regard, but also in terms of childcare policy across all industrial countries analysed in this review.

The relatively large costs of childcare for lone parents in Ireland effectively acts as a barrier to employment for those lone parents wishing to enter the labour force and, instead, incentivises such households to stay at home and raise their children. Again, this is strongly at odds with economic policy in most western, industrial countries and results in the formation of a poverty trap and increases replacement rates.

Norway, conversely, provides lone parents with a net childcare *benefit* (i.e. a negative cost of childcare); dual-income couples, on average, pay approximately €200 per month, which is also heavily subsidised. Most countries have adopted this sliding-scale model for childcare benefit, with varying degrees of targeting for low-income parents. The USA ranks particularly poorly in terms of childcare costs for couples, but far less conspicuously for lone parents, who are also heavily subsidised. In this regard, it is remarkable to note that Irish lone parents' childcare costs are up to three times those of lone parents in the USA.



These findings corroborate the work by Willem Adema in the OECD. A recent study of his found that Ireland has a shortage of affordable childcare: 'Children of working mothers in Ireland have traditionally been looked after by family or friends. But as increasing numbers of women take jobs, the supply of casual babysitters has declined. The rate of employment among females in Ireland jumped 15 percentage points since 1994 to 54%, and at 78% the employment rate of young women aged 25-29 is now higher than in most OECD countries. In future, working Irish mothers will be far more dependent on formal childcare. To increase work opportunities for mothers, additional public investment in childcare will be needed – especially for low-income families' (OECD, 2003).

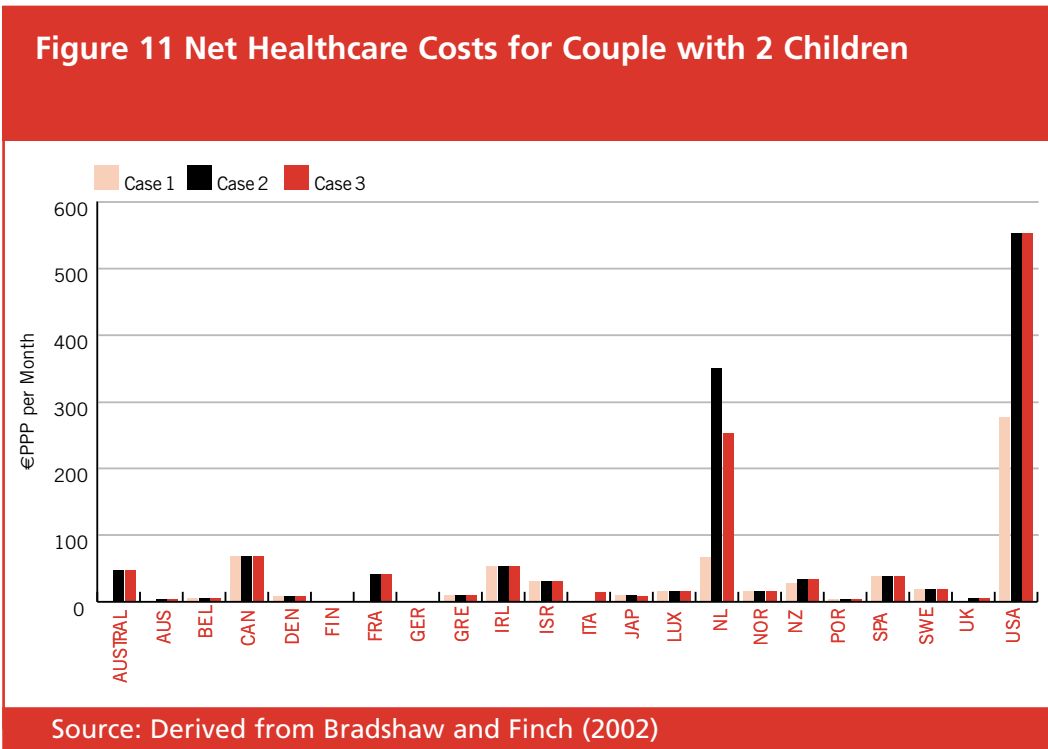
There are few subsidies and no reductions or tax credits exist to assist parents in meeting the cost of childcare in Ireland. This is highly unusual in a European context where most Member States provide at least some (and often full) subvention towards childcare costs. As outlined in Chapter 3, the Equal Opportunities Childcare Programme was established in 1999 to assist affordable childcare provision in disadvantaged communities but, as is discussed in more detail in Chapter 6, one key drawback of the Equal Opportunities Childcare Programme is that it can only attempt to reduce the price of childcare indirectly by increasing its supply. Indeed, the mid-term review by the Department of Justice, Equality and Law Reform contains little information about what effect the scheme is having on the cost of childcare.

6.2.3 Healthcare

Most countries provide free or subsidised healthcare to some or all of its citizens. However, as can be seen from the matrix analysis presented in Figure 11, the variation in net healthcare costs (after subsidies have been netted out) varies hugely from country to country. Of those who charge for healthcare, all except Belgium, Finland, Israel, Luxembourg and Spain have some form of child-related exemption. Six countries have age-related exemptions, including Australia (children up to 'Year 8'), Italy and New Zealand (under six years), Japan (under three years), Norway (under seven years), Portugal (under 13 years). Five countries have an income-related (means-tested) exemption and these include Austria, Canada, France, Ireland and Italy.

There are three case study simulations performed in the matrix analysis produced by Bradshaw and Finch (all of which again pertain to a model family with two dependent children), and these are illustrated in Figure 11. Case 1 represents a single-income couple on half-average national earnings; Case 2 demonstrates the position of the same single-income couple on average earnings; and Case 3 is indicative of a dual-earning income on average male and half-average female earnings. In the European context, the Netherlands has the highest typical net healthcare costs for a couple with two dependent children by some margin. Typical per-monthly healthcare costs for Ireland are €54 for all three case studies which are the second-highest costs in the EU-15 comparison. This can be compared with the more-or-less free healthcare systems for children in operation in Denmark, Finland, Germany and the UK. There are clearly two countries in which healthcare charges represent a very substantial drain on the child support package – the USA and the Netherlands. However, in Australia, Canada and Ireland they represent a lesser yet highly significant drain on respective child support packages.

In Ireland, there is a means-tested Medical Card Scheme for children based on their parents' income and number of dependent children. This is administered by the Health Board Executive and provides a range of free services as described in Section 3.2.2. According to data in Bradshaw and Finch (2002), the costs for accessing the healthcare system in Ireland are expensive compared to the rest of Europe. GP charges are typically €35 to €50 depending on location. Children are generally charged approximately the same as adults for attending GP



services. In-patient hospital charges costs are generally about €40 per day, while Accident and Emergency charges are approximately €55 from 2005.

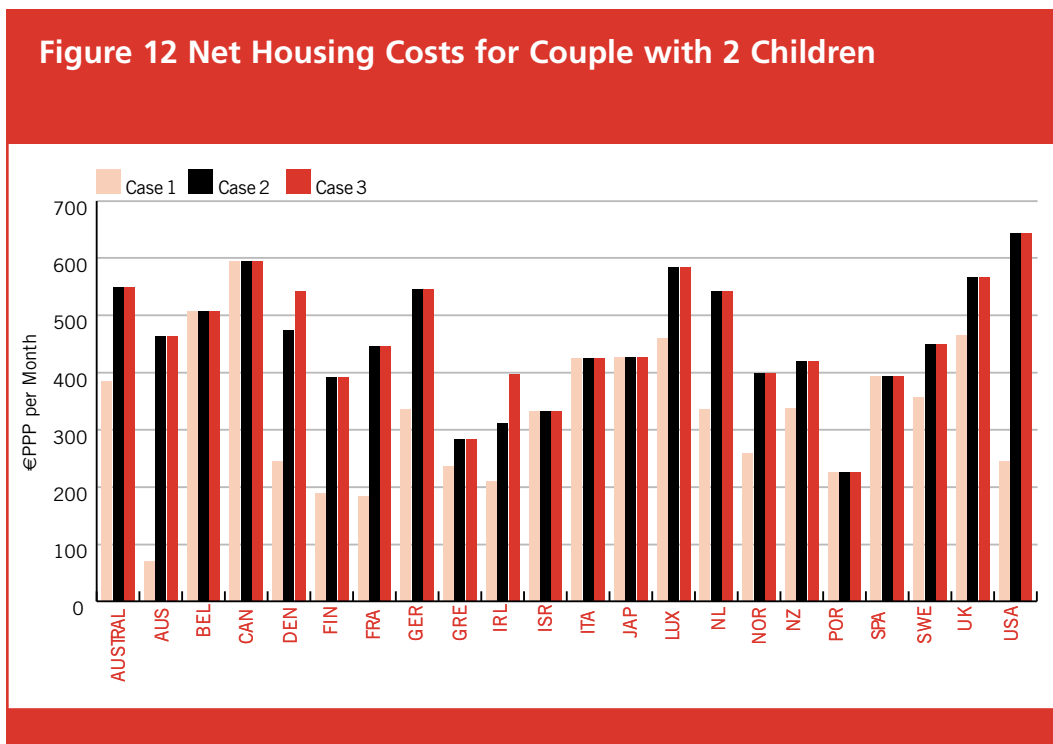
6.2.4 Housing

Data on housing costs/benefits are the most difficult to analyse in international comparative research on tax and welfare structures. However, as Bradshaw and Finch (2002) note, housing costs are a very important element of the welfare package and housing is also a very important factor in children’s wellbeing. Ireland is unusual in this comparison of 22 industrialised countries because it provides no supply- or demand-side housing subsidies that vary by work status for families with children. In their analysis, Bradshaw and Finch deduct housing benefits from gross social rents which are assumed to be 20% of average earnings in each country. Such costs vary from €227 in Portugal to €644 in the USA (both costs are PPP-adjusted). In the case of Ireland, local authority renting is chosen for inclusion in the analysis of housing costs. Local authority bin charges are not included. Ireland fares quite well in the assumed housing costs ranking, with a monthly figure of €398 (PPP-adjusted). However, it should be noted that the social/local authority stock in Ireland is smaller than that found in many other European countries, and has

been falling as a proportion of the total housing stock for some time. The representativeness of choosing such a tenure over, say, the private rental sector, or owner-occupiers with a mortgage (the most common tenure in Ireland), is open to some question.

Figure 12 illustrates the results for this section. As before, three case study simulations are performed (all of which again pertain to a 'model' two-parent family with two dependent children). Case 1 represents a single-income couple on half-average national earnings; Case 2 demonstrates the position of the same single-income couple on average male earnings; and Case 3 is indicative of a dual-earning income on average male and half-average female earnings.

The results indicate that most countries have housing benefit schemes that reduce housing costs for less well-off couples with two children. Housing costs for single-earner couples on half male average earnings in Austria are just 15.3% of the average housing costs (as depicted by Case 3). Similarly, countries like Denmark have a steeply tiered housing benefits system with Case 1 paying just 45.2% the average housing cost. Other countries that have a strong income-related housing benefit include Finland, France and, perhaps surprisingly, the USA, where costs are at least halved across the three case study typologies in Figure 12. Conversely, in Greece, Japan, Norway and the UK, housing benefits make a modest contribution to meeting housing costs. Ireland fares reasonably well in this section of the



comparative analysis, with single earners earning half the average male industrial wage with two dependent children (Case 1) paying on average 52.7% that which Case 3 pays. This indicates a relatively progressive system of housing benefit. If we examine Case 1, which represents the least well-off family in the analysis, we see that only households in Austria, Finland and France pay less than such households do in Ireland (€210 per month). Ireland's ranking is also well below (36%) the average housing costs in this section, which is €328 per month.

Turning to Case study 2 (single-income couple on an average male salary with two children), it is clear that Ireland again performs relatively well with regard to net housing costs. Only Greece and Portugal demonstrate lower housing costs than Ireland's net housing cost for this household type, which pays €312 per month, compared to an average of €453 across the 22 countries. This is 31.1% less than the average net housing cost. For dual earners on average male and half-average female earnings Ireland slips down the rankings somewhat to a still-respectable sixth place, with a net housing burden of €398 per month compared to €460 for the 22 industrialised countries. This is 13.5% less than the average net cost.

While this analysis indicates a seemingly favourable position for Irish households with children as regards housing costs, care needs to be taken in interpreting the data. When housing costs are examined by family type and size using a (Case 1) family typology of a single earner on half average male earnings, the data illustrate that Ireland is unusual in the comparison as families with children pay disproportionately more on housing costs than families without children.

If it is assumed that gross rent (€398) represents 100 in a housing costs' index, then a single person with no children on half average national earnings (Case 1) would pay 41% of the gross housing costs (€163). Couples with no children pay somewhat more, at 44% of gross housing costs (€175). A lone parent with one child in Case 1 would face a net housing burden of 55% of the average (€219). Lone parents with two children demonstrate an increased burden, facing 60% of average housing costs (€239). The situation for couples with one child under Case 1 is better as they pay 50% of the mean rent (€199). However, this increases to 53% for couples with two children (€211) and 55% for couples with three children (€219).

While Ireland's housing benefit scheme is progressive from an earnings perspective, it does not appear to take account of household composition and size to the same degree as in many other European countries where there is a high degree of horizontal equity (e.g. Austria). This clearly has implications for policy, to which we return later in the Policy Statement. In addition, recent Combat Poverty-funded research on housing and poverty in Ireland (Fahey *et al.*, 2004) has demonstrated that the local authority rental sector, while progressive in relation to rental costs, is relatively small in size in Ireland. As a result, many low-income households are faced with private rental accommodation which is often more expensive than social housing rents and very often of poor quality.

Those who are faced with private sector rents may apply for rent supplements, but these taper out very quickly and result in poverty traps. Local authority waiting lists are currently high in Ireland. As a result, many families on low incomes may have no real opportunity to enter the property market owing to the high costs of buying a home in Ireland. Furthermore, those houses that tend to be somewhat more affordable are often in satellite towns and suburbs which may be inconvenient for the needs of many low-income households, with long commuting times to work and limited local services and infrastructure.

6.3 Comparative Ranking of Child-Support Packages¹⁴

The analysis presented in this chapter, much of which is drawn from data produced by Bradshaw and Finch (2002), is now summarised by devising an overall ranking of the results on child support comparisons in the 22 countries. Table 7 ranks countries by the mean value of their respective child support package (using the mean of all case studies identified hitherto, i.e. all case studies are given equal weights in this ranking exercise) with values adjusted for purchasing power and converted into Euro.

Four rankings are calculated: the first takes account of tax and benefits only; the second takes account of housing costs; the third nets for service provision (education, childcare and healthcare); the final ranking includes all components of the child support package (i.e. taxation and income support benefits, housing subsidies, childcare, educational and healthcare subsidies).

¹⁴ The figures in the Bradshaw and Finch publication for Ireland on social assistance overstate the level of support, and have subsequently been corrected. Here we are using the corrected figures. For more information on these corrections, see: <http://www.york.ac.uk/inst/spru/research/summs/childben22.htm>.

From Ireland's perspective, the table indicates the importance of child income support as the main instrument assisting Irish families with children. Indeed, if the analysis was only concerned with income support, Ireland would have performed particularly well. This would have been an erroneous conclusion, however. When the variety of supplementary support services targeted at families with children is included, a different picture emerges, and Ireland's ranking falls from **fifth** after income support (€281 per month), to **eleventh** after net housing costs have been deducted (€248 per month), and finally remaining at **joint eleventh** ranking (with the USA) when all net costs/benefits are taken into account (€173 per month). This signifies that the child support package in Ireland declines by 62% once the net costs of children's services are included in the calculation. The fall in net benefit once housing benefits have been included indicates the shortfall in housing income supplements and the relatively high costs of Irish housing for low-income households, especially those outside the local authority rental sector, particularly those in the private rental sector (Fahey *et al.*, 2004).

By way of contrast, the Austrian figures remain relatively static across the table. Finland is also an interesting case study as Finnish child support rises from rank 12 to rank 3 after service subsidies are incorporated into the calculation. This illustrates the emphasis placed on service provision for families with children in Finland over income support measures.

The final rankings indicate that, in comparison with our EU counterparts, Greece, Spain, Portugal, Italy, the Netherlands and Belgium lag significantly behind Ireland. Families with children in all other EU countries provide much higher levels of child support than Ireland does using this methodology.¹⁵ Austria has superlative child support structures in place, regardless of how the rankings are constructed, and Finland, the UK, Denmark, Norway and Sweden also fair particularly well in an EU comparison of child support. The (net) child support payment to households with children in Ireland is just over one-third that paid to Austrian families with children, and is 39% less than the UK monthly payment.¹⁶

¹⁵ The Netherlands exhibits low levels of child poverty whilst offering comparatively low child income support. This can be explained in part by considering the labour market policies in the Netherlands, especially in relation to access and part-time work. Dutch labour market conditions are among the most flexible in the EU, supporting parents to participate in the labour force on a part-time or flexible basis.

¹⁶ A word on UK data is now warranted. Despite relatively high levels of child support in the UK, the level of British child poverty is relatively high compared to many European counterparts. However, it should be noted that UK child poverty has fallen in recent years and the positive downward trend is continuing. This is likely to be attributable to the increased levels of child support offered to families with children in recent years which has yielded positive outcomes (Sweeney, 2004).

Table 7 Ranked Mean Values of Child Support Packages, All Cases, €PPP

	Country	After Tax/ Bens.	Country	After Housing Costs	Country	After Service Costs	Country	After All
1	UK	456	Austria	495	Austria	395	Austria	467
2	Austria	422	UK	413	UK	324	Finland	312
3	Luxembourg	345	Australia	350	Finland	285	Australia	293
4	USA	294	Luxembourg	329	Luxembourg	251	Norway	291
5	Ireland	281	Norway	318	Australia	212	UK	282
6	Australia	269	USA	309	Norway	210	Denmark	269
7	Canada	249	Denmark	293	Ireland	206	Sweden	236
8	Belgium	249	France	266	Germany	182	Luxembourg	233
9	Norway	237	Germany	254	Belgium	165	France	225
10	Germany	222	Canada	249	France	161	Germany	213
11	France	201	Ireland	248	USA	158	Ireland	173
12	Finland	200	Belgium	237	Denmark	156	USA	173
13	Denmark	182	Finland	227	Sweden	131	Belgium	162
14	N. Zealand	165	Sweden	224	Canada	111	Israel	120
15	Israel	159	Israel	198	Israel	81	Canada	111
16	Netherlands	156	Netherlands	162	Netherlands	47	Netherlands	53
17	Japan	140	Japan	149	N. Zealand	44	Italy	42
18	Sweden	119	N. Zealand	143	Italy	42	N. Zealand	21
19	Italy	99	Italy	99	Portugal	9	Portugal	9
20	Portugal	83	Portugal	83	Spain	-29	Japan	-32
21	Spain	45	Spain	45	Japan	-41	Spain	-38
22	Greece	23	Greece	30	Greece	-62	Greece	-54

Source: Derived from Bradshaw and Finch (2002) and <http://www.york.ac.uk/inst/spru/research/summs/childben22.htm>

Table 8 Ranked Values of Child Support Package, 'Representative Cases', €PPP

	Country	After Tax/ Bens.	Country	After Housing Costs	Country	After Service Costs	Country	After All
1	Luxembourg	416	Austria	425	Austria	351	Austria	399
2	Austria	378	Luxembourg	402	Luxembourg	312	Luxembourg	299
3	UK	327	UK	308	Finland	270	Finland	287
4	Belgium	287	Belgium	285	UK	233	France	243
5	USA	272	USA	281	Belgium	215	Sweden	230
6	Germany	246	France	275	Germany	207	Germany	228
7	France	231	Germany	267	France	200	Belgium	213
8	Australia	207	Australia	251	Sweden	173	UK	213
9	Norway	201	Norway	242	Norway	164	Denmark	210
10	Ireland	182	Denmark	236	Denmark	143	Norway	204
11	Finland	179	Sweden	207	Australia	143	Australia	185
12	Canada	171	Finland	195	Ireland	92	Ireland	78
13	Denmark	170	Canada	171	Israel	65	Israel	65
14	Sweden	150	Ireland	170	Canada	60	Canada	60
15	Netherlands	146	Japan	150	USA	45	USA	53
16	Japan	132	Netherlands	134	Italy	41	Italy	42
17	Israel	123	Israel	122	N. Zealand	5	N. Zealand	-8
18	N. Zealand	104	Italy	104	Portugal	-23	Portugal	-23
19	Italy	102	N. Zealand	90	Spain	-23	Spain	-23
20	Portugal	75	Portugal	75	Netherlands	-41	Japan	-39
21	Spain	45	Spain	45	Japan	-57	Netherlands	-51
22	Greece	30	Greece	33	Greece	-92	Greece	-89

Source: Derived from Bradshaw and Finch (2002)

It could be argued that a simple accumulation of the child support package paid to all illustrative case studies is not a very accurate representation of any country's actual mix of family typologies. A bias towards low-income families was deliberate for illustrative purposes, but it entails that the cumulative averages over-represent low-income families, thereby favouring countries with generous child support packages for low-income households. To better represent actual family mix and sociological typologies, it was decided by Bradshaw and Finch to prepare a ranking matrix based on 'representative cases'. Some 34 representative cases are employed in the final ranking. Table 8 expresses these values with purchasing power parity adjustments also incorporated to give the most accurate picture possible.

Countries with high levels of targeted child income support (Ireland, the UK, Australia, Belgium and Canada) move down the rankings in this final ranking exercise. The results for Ireland are similar in this ranked table to those found in Table 7 (though not quite as pronounced or linear), with Ireland's ostensibly generous child support package being somewhat eroded because of the Irish policy of minimal subsidisation of services for families with children. In fact, Ireland's final purchasing-power-adjusted child support package for all representative cases is worth 133% lower when housing, education, childcare and healthcare have been taken into account.

In terms of actual rankings, in this simulation of representative family typologies, Ireland comes **tenth** (€182 per month) out of all countries when judged on tax and income support alone, then drops to **fourteenth** (€170 per month) after net housing costs,¹⁷ levels out at **twelfth** (€92 per month) after education, childcare and healthcare costs have been factored in, and remains at **twelfth** (€78 per month) after all costs/benefits have been employed. Again, the particularly poor showing for Ireland after housing costs have been included in the matrix indicates the impact of housing costs for low-income families with children. The net child support payment of €78 per month (for representative cases) equates to just one-fifth of the child support received by Austrian households with children, and just over one-third that in the UK.

6.4 Conclusions

The cross-country analysis of child support for service provision in this chapter of the Policy Statement has yielded the following insights.

1 Ireland Invests Relatively Little in Subsidised Services for Families with Children

Although some European countries provide a net benefit (or negative cost) to parents with children, insofar as the State provides high levels of subvention for education, childcare, healthcare and housing, Ireland is very much at odds with such policies. The net cost of children's **education** for Irish families ranges from €17 to €33 per month once fees, books, uniforms, school meals and other charges have been paid. Moreover, net **childcare** costs in Ireland are the highest in Europe for all representative family case studies, with a typical monthly outlay of €570. These high costs are attributable mainly to the non-subvention of childcare costs by the Irish State, but

¹⁷ Note that this calculation is based on a combination of all representative family cases and not just the couple plus two children typology described in Section 6.2.4.

also to the relatively high costs of childcare in Ireland. Thirdly, compared to the rest of the EU, Ireland has the highest net **healthcare** costs for families with children after the Netherlands, with mean healthcare costs of €54 per month. Finally, net **housing** costs were shown to be disproportionately burdensome for low-income families with large numbers of children in Ireland.¹⁸

2 Ireland's Comparative Ranking on Child Support Plummetts after Services Are Factored In

Ireland has an ostensibly generous income support package for families with children and is placed either fifth or tenth in a ranking of 22 countries when tax and income benefits are examined. However, if the 'representative' model is examined, this rank falls to twelfth after all benefits and costs are included in the matrix. Thus, while Ireland provides a generous income support envelope for families with children, it spends comparatively less on assisting families with children to meet the costs of childcare, education, healthcare and housing. This means that Ireland's net contribution to child support actually ranks below the EU average.

3 Housing Costs Are Disproportionately Burdensome for Families with Children

Despite Ireland having relatively low rents compared to many of the other industrialised countries in the analysis, the housing benefit system, while relatively progressive from an earnings perspective, does not adequately take account of household composition and size. This results in a situation in which net housing costs (rents) rise (proportionate to income) as family size increases, an outcome which is quite at odds with housing benefit policy in many European States which tend to display a much greater degree of horizontal equity.

¹⁸ Recent analysis by Fahey *et al.* (2004) indicate that these are most severe in the private rental market.



CHAPTER 7
**CONCLUSIONS AND POLICY
RECOMMENDATIONS**

7.1 Introduction

This Policy Statement has set out the policy context for attempting to reduce levels of child poverty in Ireland. It has provided an overview of the main policy drivers in the area of children's social and economic rights. It has presented recent time-series data on consistent and relative income poverty among households with children. The Statement has drawn on some recently published Combat Poverty-funded qualitative research on children's experiences of living in poverty in Ireland. In addition to the empirical review, the current policy responses across a number of relevant government departments have also been examined and the extent to which they work to reduce or prevent child poverty in Ireland has been highlighted.

The main thrust of the Statement is a comparative analysis of child-support packages in the European Union and elsewhere. Harmonised data from national and international sources were obtained to enable Irish child support to be compared with the packages available in our European counterparts in order to evaluate the adequacy of current expenditure on child income support and service provision for families with children. Some key conclusions can now be made from this review.

7.2 Main Conclusions

7.2.1 Child Poverty Has Fallen

Data presented in Chapter 3 indicate that, over the last decade, rates of both consistent and relative income poverty among households with children have fallen. This is a welcome development. However, the most recent data from the CSO indicate that the latest measure of consistent poverty for families with children (not directly comparable with previous estimates of consistent poverty) now stands at 14.6%. There is evidence to suggest that economic prosperity has been a factor in the reduced levels of child poverty in Ireland over the past decade. This is because families with children formerly on low incomes or social welfare are now more likely to find better paid jobs. Recent relatively generous increases in universal income support for families with children have also acted positively in this regard.

7.2.2 Child Poverty in Ireland Remains High Relative to EU Levels

Despite a declining trend in consistent child poverty, the fairly static relative poverty trends in Ireland over the past few years have

entailed that relative child poverty in Ireland remains stubbornly high in the EU context. In Northern Europe, only Italy has a comparably high incidence of child poverty. While Budgets 2001 and 2002 provided for generous Child Benefit increases, Budgets 2003, 2004 and 2005 could be critically assessed as disappointing from a child poverty perspective. The targets for universal Child Benefit set under the partnership deal *Sustaining Progress* have not been achieved and have been repeatedly deferred, and the target for the reduction in the rate of consistent child poverty to 2% or less, set in NAPS, is also still some way off.¹⁹ Having managed to establish a positive downward trend in both consistent and relative income poverty among families with children over the past few years, Ireland is now in danger of rising child poverty levels for a number of reasons outlined as follows.

7.2.3 Reasons for Concern

The first reason is related to targeted income support measures like Child Dependent Allowances which have been frozen for a decade and are now falling rapidly in real terms because of significant inflation levels over the past five years in particular.²⁰ Clearly, the current strategy in relation to CDAs needs to be revised, as this targeted support assists the most vulnerable children in society who are most at risk of suffering poverty. In this regard, Combat Poverty welcomes the NESC review of the CDA/FIS extra-tier payment.

Second, the relatively minor increases in Child Benefit in Budgets 2003, 2004 and 2005 have resulted in current levels of universal income support for children that are considerably below the levels agreed in the partnership deal *Sustaining Progress*. This entails that the agreed target on child support has not yet been met. This is regrettable and puts additional children at risk of poverty.

The third concern is, perhaps, the most fundamental and crucial issue. In European terms, Ireland has a relatively low level of service provision for families with children. While such a policy is often thought by some economists to have considerable credence from an efficiency perspective, it is argued here that the current policy imbalance between child income support and service provision in Ireland is not an efficient policy mix, as it results in reduced returns to the economy (through perverse employment incentives and sub-

¹⁹ This looks even less likely to be met using the new EU-SILC dataset which, due to some methodological factors primarily, produces a figure for consistent poverty in the Irish State at 9.4% which rises to 14.6% for households with children.

²⁰ Prices have risen by 32.4% over the period 1994-2003.

optimal participation rates) and increased hardship for low-income and work-poor families. It is logical to argue that current policy on service provision for families with children yields considerable employment losses for the Irish economy which can be seen most acutely through the very high replacement rates and marginal tax levels manifested among households with children. This is most apparent for one-parent families caught in a poverty trap due to the lack of incentives to gain employment because of the potential loss of benefits, and the lack of subsidised childcare facilities making it extremely difficult to make the transition from welfare to work. This clearly contributes to reduced female participation rates, and Ireland ranks poorly in the European context in this regard.

Furthermore, there is a strong social argument for increased levels of subsidised service provision for children. This argument is most compelling in the areas of health and education in terms of the detrimental impact on children that can result from inequalities in the healthcare system and in all levels of education leading to reduced opportunities for children from less well-off backgrounds.

7.2.4 Ireland's Policy on Child Support is Unique in the European Union

Ireland places a far greater emphasis on income support (both universal and targeted measures) for families with children than most European countries, but invests less in subsidised quality services for children. Ireland's level of subvention for childcare and healthcare for families with children is among the lowest in the EU, and Ireland is also a laggard when net education costs are considered. Net housing costs for families with children can be burdensome, and previous Combat Poverty Agency research has indicated that those on low incomes in the private rental sector are especially vulnerable (Fahey *et al.*, 2004). There are a number of adverse repercussions of this overall policy approach.

First, it entails that many Irish couples with children struggle to afford adequate childminding services, resulting in one parent being required to stay at home to mind their children and thereby putting additional pressure on the earning parent to bring home an adequate wage to meet the entire family's needs. For one-parent families the non-subvention of childcare means that many are left with little realistic choice but to stay at home to raise their children

and rely on social welfare as their main income source, placing them in a veritable poverty trap, as has been noted by a number of commentators including the OECD (2003). Second, the relatively low levels of subsidisation of healthcare for children in Ireland place additional burdens on families with children, particularly as it has been indicated that healthcare costs in Ireland (GP visits, drugs' costs and inpatient charges) are substantial in the European context. Third, the relatively low levels of subvention in the education sector entail that some children in Ireland are attending school hungry, inadequately dressed and without prescribed books and equipment necessary for their schooling.

Finally, while Ireland's local authority housing benefit scheme demonstrates a high degree of progressivity from an earnings perspective, it does not appear to take account of household composition and size to the same degree as in many other European countries where there is a high degree of horizontal equity (e.g. Austria). Notwithstanding the fact that Ireland demonstrates relatively low social housing rents compared to many of the other industrialised countries in the analysis, such a finding clearly has implications for policy, particularly as regards the structure of the housing benefit system.

In addition, Ireland has a relatively small proportion of social housing compared to its European neighbours. This means that many low- to middle-income households have little opportunity to purchase a home in the buoyant private housing market, with the result that many families are left with little choice but to buy homes some distance away from their work and families in areas with poor infrastructure and long commuting times to work.

7.2.5 Ireland Needs to Address High Marginal Tax Rates and High Replacement Rates

The secondary analysis of Bradshaw and Finch's replacement rates and marginal tax rates calculated for 22 industrial countries (which was presented in section 5.3.3) indicates that lone parents in Ireland have the highest replacement rates and levels of marginal taxation in Europe. This is a key cause for concern as these conditions are conducive to the formation of poverty traps, especially where very few childcare subsidies are currently available. This results in reduced participation rates for women in the workforce and a high

dependency on social welfare payments as the main income source of one-parent families. There is a well-established argument on economic grounds that targeted child income support measures are not an efficient way to re-distribute wealth because they lead to high replacement rates and employment disincentives. Although the Irish economy is continuing to operate close to 'full employment', there is a clear case to be made for improving participation rates and reducing replacement rates, especially among one-parent families. One logical approach to achieve both of these policy targets would be universal state subsidisation of childcare facilities.

7.2.6 Ireland Has Relatively Low Levels of Social Expenditure

The analysis presented in this Policy Statement corroborates the work by Timonen (2003, 2005) which identifies Ireland as a country characterised by relatively low levels of social expenditure in a European context. Total social security contributions in Ireland amounted to just 14.6% of GDP in 2001, compared with an EU mean of 27.5% (Timonen, 2005). Ireland has a low level of welfare effort for a rich country, even taking into account demographic and other endogenous and exogenous factors. Timonen concluded that 'Ireland (is) a low-tax, low-spending welfare state that is heavily focused on means-tested benefits and primarily financed through taxation ... If there is a genuine commitment to combat poverty and income inequality in Ireland, higher social expenditure is called for under the current circumstances' (Timonen, 2003).

Bradshaw and Finch indicated that it is not the wealth of a country nor its labour market structure that determine the incidence of child poverty, but rather its share of social expenditure going towards families with children. In this regard, the task of improving our family-specific social expenditure share is important.

7.3 Policy Recommendations

The policy recommendations that result from this Policy Statement arise from the analysis of the international data presented in this review. They echo, to a large extent, the broad recommendations made in a recent comprehensive child poverty study by DG Employment and Social Affairs (Hoelscher, 2004) which identifies the following optimal combination of key policy responses to tackling child poverty:

- Bring people into work that pays;
- Provide adequate direct cash transfers;
- Make high-quality childcare affordable;
- Make decent housing affordable;
- Provide adequate, equitable healthcare;
- Focus policy on poverty prevention and child wellbeing.

The following are the key Combat Poverty policy recommendations grouped under three main headings: those that relate to income support, those that cover services for families with children, and finally recommendations that pertain to changes in policy and institutional mechanisms.

7.3.1 Income Support

(a) Improve Levels of Child Income Support

Based on the review undertaken in the Policy Statement, Combat Poverty recommends the following actions in the area of child income support:

- Child income support needs to be set against adequacy benchmarks, i.e. support levels should be adequate to the needs of children.
- Child Benefit targets set in *Sustaining Progress* must be met and increased in line with inflation.
- Universal Child Benefit should be supplemented with a revised targeted (second-tier) intervention to assist the poorest children in Ireland. A number of options are available in this regard:
 - A good way to deliver targeted income support to the very poorest families without having adverse impacts on replacement rates would be the combination of CDAs and FIS into one measure. Combat Poverty recommends such an amalgamation, as was recommended by the Commission for Social Welfare in 1986.
 - Alternatively, a tapered, employment-neutral Child Benefit Supplement, as suggested by the 1996 Expert Working Group on tax and social welfare, should be given serious consideration.
 - CDAs could be increased significantly in the first instance and then indexed successively.

- At the very minimum, and as a priority, informational and awareness campaigns could be considered to promote the improved take-up of FIS. Alternative mechanisms of drawing down FIS need careful examination (e.g. the adoption of the UK tax-based FIS model).
- It is important that income support systems are not unnecessarily complicated. A review of the supports with a view to simplifying the process for take-up of benefits would be welcome.²¹
- Targeted supports which facilitate transitions to work should be implemented and prioritised.

(b) Better Tapering of Means-Tested Benefits is Required

High withdrawal rates are evident for many supports for families with children in Ireland. This results in high rates of marginal taxation for many groups, most particularly lone parents. To improve the fairness of the system, Combat Poverty recommends the following:

- Means-tested income thresholds need to be better tapered to soften the financial burden of such services for low- to middle-income households, especially low-income working families and lone parents. The announcement in the 2005 Book of Estimates of GP medical cards is a good example of a tapered (viz. reduced entitlement) measure.
- Delivery mechanisms that employ the taxation system, as well as the social welfare/benefits system, need consideration.
- Some supports for families with children are directed towards mothers, while others are delivered to the 'Head of Household'. It is worth considering the benefits of directing more supports for such households at mothers.

7.3.2 Improve Services for Families with Children

(a) Improve Early Childhood Education and Development

This review has shown that Irish households with children face substantial costs to educate their children through primary and secondary levels. Resources in education in Ireland are currently

²¹ The Commission on Social Welfare (1986) noted that 'simplicity' should be a guiding principle of a social welfare system. In Ireland, a family with one child becomes eligible for FIS if they earn under €446, for the Back to School Clothing and Footwear Allowance if they earn under €348.10, and for a medical card where they earn under €234.00 (2004 figure) (Department of Social and Family Affairs, 2004). This highly selective sample illustrates the complexity of Ireland's social welfare system.

tilted towards its later stages, despite the fact that education at these advanced stages provides the recipient with considerable private benefits. Combat Poverty recommends the following actions:

- Increasing investment in preventative measures aimed at educational disadvantage at primary and secondary level would be very beneficial. The UK Sure Start scheme has proven successful, and Early Start in Ireland has also resulted in real benefits. Such schemes need extension and additional funding. This will be necessary not only to reduce child poverty and limit disadvantage in Ireland, but also to create a sufficiently educated workforce that can aid Ireland's future competitiveness.
- Combat Poverty recommends morning pre-school provision for all poor children aged four years, supplemented by all-day care where appropriate. Trained child assistants in all infant classes are also recommended, with prioritisation in disadvantaged schools. Such recommendations were made by Combat Poverty in its 2005 Pre-Budget Submission.
- The School Meals Scheme should also be extended and funding increased appropriately. Meals should be nutritionally balanced to maximise the benefits of the programme for those children availing of the service.

(b) Childcare Subsidisation Would Yield Net Returns to Economy and Wider Society

The high cost of childcare in Ireland at present creates a considerable work disincentive effect. Facilitating parents in returning to work or training has positive welfare benefits both for the parents themselves (as they get to re-enter the workforce) and for society as a whole (because the economy is boosted by greater labour force participation, increased wealth creation, increased consumption and so on). Furthermore, it will be necessary to meet EU employment participation targets, especially among women, where the Irish rate is some way off the stated EU target of 60%. Combat Poverty recommends the following:

- If the State were to contribute more to the cost of childcare, this cost would be spread over a broader base, and would improve a returning parent's take-home pay. This, in turn, would make re-entering the workforce more attractive for parents wishing to do so.

- Combat Poverty proposes a significant improvement in the coverage of the current Equal Opportunities Childcare Programme to include low-income working families as well as work-poor households. This would benefit one-parent families in particular and would assist in boosting female labour market participation rates.
- The Policy Statement argues for an improvement in the affordability of early years' care for low-income households through direct subsidisation to accredited childcare providers. Such a policy should, in turn, have a positive effect on reducing the high replacement rates and marginal tax rates for families with children, especially the demonstratively high levels found among one-parent households in Ireland. In light of the recent move towards policies that yield 'activation', such a move could be highly beneficial as a route out of poverty. Improved childcare provision would also assist women who wish to take part in labour market programmes aimed at education and training.
- In addition to the largely macroeconomic benefits of childcare programmes, it is also important to stress that childcare provides an opportunity to reduce stress and social exclusion by providing support for participation in personal, familial, social and community activities (Combat Poverty Agency, 1998). Combat Poverty argues that social economy models of childcare provision have a number of advantages, being locally based, developed to meet local needs and providing local infrastructure and human resources.

(c) Subsidised Healthcare Provision for Children Should Improve

Healthcare provision for children in Ireland is seriously lagging behind most of our EU neighbours. The Irish result in the ranked findings of child support packages in 22 countries presented earlier in this review indicates that current universal and targeted income support for families with children are not compensating for the low levels of State subvention of healthcare services in Ireland. Ireland needs to improve access to affordable healthcare services. Based on the empirical findings discussed earlier, Combat Poverty recommends the following:

- The increased coverage of the medical card for vulnerable families with dependent children (as announced in the 2005 Book of Estimates) is an important move in the right direction to achieve improved access to affordable healthcare. However, the system needs better tapering to avoid poverty trap effects and work disincentives. The recently announced GP-only medical card is a

good example of such a tapered system. Improved tapering of the medical card will improve the equity and efficiency of the GMS system in the short term. Increases in the overall numbers eligible for medical cards should be a policy goal in the medium to long term. Combat Poverty favours a model that is employment-neutral, i.e. based on household income rather than income source. The former assists the large numbers of working-poor households who, evidence suggests, are finding it increasingly difficult to make ends meet.

- Initiatives targeted at the community level (e.g. GPs in disadvantaged areas), which are often seen as particularly effective, should be considered for additional resources.
- It is evident that preventative interventions, such as vaccination programmes for children, require continual and additional State funding, as these universal programmes play a vital role in early intervention health-improving initiatives.
- Finally, primary care initiatives have been shown to have potentially the biggest positive impact on vulnerable low-income families with children. Increases in primary care funding should, therefore, be considered.

(d) Housing Benefit Needs More Horizontal Equity

The analysis earlier in the Policy Statement indicated that Ireland's housing benefit scheme demonstrates a high degree of progressivity from an earnings perspective. However, it does not appear to take account of household composition and size to the same extent as in many other European countries where there is a high degree of horizontal equity. Combat Poverty recommends the following:

- Social and affordable housing targets are modest. Waiting lists for social housing continue at unacceptable levels in Ireland. Improvements in the supply of social housing would assist the reversal of this trend.
- As the social housing stock is relatively small in Ireland, supply targets for social and affordable housing schemes need to be met, at the very minimum, in order to assist potential homeowners on modest incomes to acquire a property that is fit and appropriate for their means.

- The structure of the housing benefit system needs to be altered so that it is more sensitive to occupancy issues, such as household size and composition. In this way, larger families with children are not hit disproportionately more than smaller families as regards housing rent costs, as is currently the case.
- Renting a property in Ireland is a less common form of tenure than in many other EU countries. This is owing to historical and cultural factors primarily, but it can also be attributed to the relatively poor legal status which tenants face in Ireland compared to owner-occupiers. Improving the security of tenure for tenants in the private sector could improve the attractiveness of renting as a tenure choice and, over time, this could act as a (demand-side) stabilising factor on house prices.

(e) Family Services

- Additional support and extensions for initiatives such as family services projects like Springboard, and support for vulnerable groups in particular, should be considered.

7.3.3 Policy Mechanisms

(a) Set a Relative Income Poverty Measure for Children

Using internationally comparable statistics, Ireland has a relatively high level of child poverty in the EU. As UNICEF has noted, '... absolute and relative poverty definitions only conflict when seen as an "either/or". They capture different concepts of the poverty problem, both of which are important and both of which need to be monitored. And the more governments commit themselves to reducing both, the less important the conflict between the two.' NAPS contains no targets on relative income poverty or income inequality. Combat Poverty therefore recommends the following:

- Targets on income poverty and income inequality should be adopted. Reducing relative income poverty would help contract the large disparity in living standards and opportunities that exist among children in Ireland, and would form the basis for a genuine equality of opportunity for children.
- Ireland should aim to exhibit downward trends for both consistent *and* relative poverty and policymakers need to watch closely the various anti-poverty policies implemented in other Member States that result in positive outcomes in terms of reducing child poverty.

As was pointed out earlier in the Policy Statement, improvements in social expenditure targeted at services for vulnerable families with children would most likely yield a very positive impact on child poverty, and would also bring Irish social expenditure more into line with typical expenditure levels found in other Member States.

(b) Hearing the Voice of the Child

Extending the impact of children's voices on the development of government policy for children is an important process. One way to further this process would be to publish transcripts of Dáil na nÓg sessions on the internet, rather than merely publishing the main points raised, so that ministers, researchers and other interested groups could more accurately base their work on the needs of children and young people. There is much added value in inclusive policy dialogue where children's experiences and voices are heard.

(c) Holistic Policy Development

Recent developments such as the National Children's Strategy and the creation of the National Children's Office, the Ombudsman for Children, Dáil na nÓg and the Cabinet Committee on Children should all facilitate the development of holistic, joined-up government policy with regard to children. Ultimately, however, the degree to which this occurs will depend in no small part on the prioritisation that this receives from government, as well as the goals that government sets in this area.

7.4 Final Word

This Policy Statement has attempted to present some flagship recommendations based on a review of recent trends and international research in the field of children's welfare. Ireland has an obligation to eliminate consistent child poverty by 2007. This review has demonstrated that current child support for families with children in Ireland does not rank favourably with many of the supports in place in other European Union Member States. This finding is borne out by recent comprehensive cross-country work in this area by researchers Jonathan Bradshaw and Naomi Finch of the University of York (Bradshaw and Finch, 2002), Willem Adema of the OECD (OECD, 2003) and United Nations (2005).

Hoelscher (2004) states that, 'the reduction of child poverty is ... not just a by-product of general anti-poverty strategies, but demands an explicit and integrated strategy of child-, family- and women-friendly policies'. Such policies need to make children and families (in general) and children (in particular) a political priority. In addition to securing and ensuring the adequacy of families' incomes, it is the responsibility of the State to protect the most vulnerable in society and enhance child development and wellbeing. Eradicating child poverty, therefore, involves a multi-faceted and holistic policy strategy.

Based on the empirical, comparative analysis in this Policy Statement, the Combat Poverty Agency proposes a policy shift from current and recent developments as regards child income support. It would entail a re-emphasis of the child support package with a new focus on quality service provision: subsidised childcare and improved subvention of healthcare, education and housing (especially for low-income families in the private rented sector). Such a policy would be more in accordance with policy on child support packages in most EU Member States. This policy mix would also most likely yield very positive net gains to the Irish economy in terms of improved female participation rates in the labour force, not least among lone parents, and reduced replacement rates and marginal tax rates among families with children, most particularly lone-parent families.

This option is recommended by the Combat Poverty Agency because evidence presented in this cross-country review of child support packages has indicated that countries with the lowest levels of child poverty tend to have a child-support package that places an emphasis on universal transfers and an even greater emphasis on subsidised quality service provision for families with children.

The following table summaries key actions proposed by the Combat Poverty Agency based on the analysis conducted in this Policy Statement.

Table 9 Summary of Key Recommendations of Policy Statement

Element of Child Support Package	Action Recommended by Combat Poverty
Child Benefit	Meet <i>Sustaining Progress</i> targets and index-link in successive years.
2nd-Tier Payment	<p>Review CDA/FIS amalgamation and consider Child Benefit Supplement option.</p> <p>Increase and index 2nd-Tier payments.</p> <p>Consider re-structuring FIS into tax-based model to improve take-up.</p>
Childcare	<p>Improve the subvention of Equal Opportunities Childcare Programme to include coverage of low-income working families as well as work-poor households.</p> <p>Consider direct subsidisation of childcare using tapered mechanism to target low-income and vulnerable groups.</p>
Education	<p>Increase funding in early education initiatives. Include morning pre-school provision for all poor children aged four years, supplemented by all-day care where appropriate.</p> <p>Improve resources at primary level.</p> <p>Provide trained child assistants in all infant classes, with prioritisation in disadvantaged schools.</p>
Healthcare	<p>Continue improvements to medical card coverage and improve tapering of scheme to reduce withdrawal and marginal tax rates.</p> <p>Fund more community-level interventions (e.g. targeted primary care initiatives), especially preventative measures (e.g. vaccination programmes).</p>
Housing	<p>Consider re-structuring of housing benefit towards more 'family-friendly' model.</p> <p>Improve supply of social and affordable housing.</p> <p>Enforce Residential Tenancies Act (2004). Increase attractiveness of private rental sector through regulatory measures improving tenants' rights.</p>
Family Services	Provide additional funds for family services projects, with focus on vulnerable groups.



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APPENDIX: COUNTRY ACRONYMS



APPENDIX

Country Acronyms

AUSTRAL	AUSTRALIA
AUS	AUSTRIA
BEL	BELGIUM
CAN	CANADA
DEN	DENMARK
FIN	FINLAND
FRA	FRANCE
GER	GERMANY
GRE	GREECE
IRL	IRELAND (REPUBLIC OF)
ISR	ISRAEL
ITA	ITALY
JAP	JAPAN
LUX	LUXEMBOURG
NL	NETHERLANDS
NOR	NORWAY
NZ	NEW ZEALAND
POR	PORTUGAL
SPA	SPAIN
SWE	SWEDEN
UK	UNITED KINGDOM (GREAT BRITAIN & NORTHERN IRELAND)
USA	UNITED STATES OF AMERICA

