

Submission to the Department of Social and Family Affairs on the Green Paper on Pensions

Organisation: Cúram, Irish NGO seeking recognition for unremunerated parents and carers

Cúram rationale for making a submission

Cúram is an Irish parent and carer NGO seeking recognition for unremunerated caregivers. Cúram is non-party political and non-denominational.

There are 531,600 people in Ireland full-time on home duties (including 523,200 women and 8,300 men, according to the CSO Quarterly National Household Survey Q2 2007). There are 60,703 men and 100,214 women caring for family or neighbours on a full- or part-time basis, according to Census 2006.

Pensions policy in Ireland has been, in some ways, highly supportive of the caregiver, especially if the caregiver has a spouse with entitlements and has spent some time in employment. Cúram would like to ensure that all caregivers have access to income commensurate with their contribution to the economy, and which would enable them to fund their own pensions.

Human Rights of Family Caregivers: Paper rights or significant benefits to society and the economy?

The Irish Constitution (article 41.2°) and the Beijing Platform for Action (passed by Ireland in 1995 and reaffirmed in 2005) both contain specific articles seeking to support unpaid caregiving and other unpaid work, most of which is carried out by women. The unpaid sector is reckoned by the United Nations to be equivalent to 30%-50% of any country's GDP.

The All-Party Oireachtas Committee Report on the Constitution on the Family came down in favour of express recognition for caregivers in the Irish Constitution (available online at <http://www.constitution.ie/reports/10th-Report-Family.pdf>; see especially Chapter 8, p. 106-120.) The Committee further recommended:

The committee believes the capacity of the Department of Social Protection to support the work of carers in the home should be progressively increased. In its exploration of the issue the committee found that there is a growth of individualism in our society which creates a demand for institutional solutions by the state to meet the needs of the young, the disabled and the aged. These are increasingly expensive to provide; it is also difficult to ensure quality control within them. However, one of the great contributions made by the traditional family is social solidarity. Within the extended family the young, the disabled and the aged were cared for. State services were called

upon only when specialised needs could not be provided by the family. The committee believes that an endorsement by the state of the traditional family should be accompanied by a scheme of practical support for its primary social role. In order to allow the state to invest in such a scheme with confidence the following steps should be taken:

- a solid research base should be established
- a rigorous cost/benefit analysis should be carried out to establish the value to the state of care within the home as opposed to institutional care
- reliable output measures should be established to allow the development of an accountable system.

Pensions: funded from income

Pensions are rightly, as pointed out on p. 9 of the green paper, a responsibility of the individual:

1.45 It is generally accepted that individuals should take responsibility for providing a retirement income by saving during their working lives.

Yet those who provide care for family members may not have access to the value of their work, not because it is not work, and not because it does not have positive outcomes, but because of their relationship with the person for whom they provide care, education, and various other types of support. Without a method of accessing the value of their caregiving work, how can a portion of the value of this work be saved for the caregiver's pension?

The current level of the Home Carer Credit within the tax system is €900 per annum. Does this provide a reasonable basis for pensions for Home Carers? The Home Carer Credit is, in any case, only of benefit to those caregivers whose spouses have earnings assessed at the top rate of tax.

The government has correctly noted that more than 60% of Irish women are now 'active' within the workforce. The definition of 'active', however, is not the same as receiving sufficient income to meet the costs of living and/or running a household: it is in fact defined as *working one hour or more in paid employment per week*.

Ultimately, there will have to be a significant shift in the way that family caregiving can be funded if caregivers, both full and part-time, can make proper pension provision for themselves. Otherwise, Cúram predicts that there will be little change to the reality that caregivers and their dependents are more at risk of poverty than the general population, with this risk increasing as the caregiver ages. Cúram would greatly prefer a situation where the caregiver can access the value of his/her work and provide for their own social and welfare contributions, as well as pay tax on this income.

Demography and Pensions

Today's 15-65's will be to a great extent dependent on those who are now children, or have yet to be born, to run the economy once they retire. Immigration may be able to make up some of the gap in the dependency ratio, but any pensions policy should support parents now in having the number of children they would like: according to a study commissioned by the EU Commission from Eurobarometer, available from http://ec.europa.eu/employment_social/spsi/eurobarometer_surveys_en.htm, this would number three or four, although Irish parents are having fewer than two.

It would also be necessary to support parental investment in their care and education, including care by parents. It should not be the case that parents put their financial security at risk to care for their children themselves, especially since international early years' studies, such as the FELL research (Oxford University) and the NICHD research (various academics, US) show that parental and family care can provide high-quality outcomes.

Similarly, the care now required by the older generation should not place caregivers at risk of poverty. The Fair Deal on long-term care proposes a nursing home subvention scheme of €850 per week (currently €350). The average Family Carer, according to research carried out by Caring for Carers, carers for a period of five years. If Family Carers save the State on average €91,000, why should they do so at the risk of her or his own financial security both now and in the future?

Cúram recommendations

In the short term, Cúram requests the implementation of the 2002-2007 and 2007-2012 Programmes for Government and *Towards 2016* promise to increase the QAA to the level of the full pension. Cúram would also like to see parents and carers included in the 'active' statistics, as unremunerated caregivers.

In the medium term, Cúram would like to see universal access for parents and carers to pension credits rather than disregards.

In the longer term, Cúram seeks the implementation of Article 41.2 of the Irish Constitution and the Beijing Platform for Action with respect to recognition and support for unpaid work at all levels and in all ways. To this end, Cúram is also appending a presentation of Care Credits, a method Cúram proposes for parents and carers to access the value of their work, pay tax and make social welfare and pension contributions.

Cúram Care Credits

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Lisbon Strategy 2000 to Children's Strategy

- 60% of women to be 'active' (in paid employment)
- 90% children 3-school age and
- 33% children 0-3 in childcare by 2010
- Population below replacement rate in EU
- The EU's obligation to respect fundamental rights, including children's rights, implies not only a general duty to abstain from acts violating these rights, but also to take them into account wherever relevant in the conduct of its own policies under the various legal bases of the Treaties (mainstreaming).
(Source: EC Communication Towards a Children's Strategy COM [2006] 367)

Preferred family size

- The average European would prefer to have 3 children
(source: Eurobarometer Study, available from http://ec.europa.eu/employment_social/spsi/eurobarometer_surveys_en.htm)
- The average European has fewer than 2

Supports for child care and education

- EOCP: support for capital provision/staffing of childcare €500m 2001-2005 – part-funded by the EU; no provision for non-workplace related care
- NCIP: €575m 2006-2010 funding available for creches: up to €1.2m; parent and toddler groups, €400.

Cúram position

- All children require care
- Reasonable investment must be made in the care and education of all children
- This investment should form an integral part of planning and budgeting

Why would you have children?

- Parents in the workforce are crippled with costs
- Little time with children
- Transport
- Staff turnover
- At-home parents rely on smaller incomes
- No recognition for caring role
- Little practical support for at-home parents

Extra Tax on Single-Income Families

PAYE Tax Budget 2008: annual total income €70,800

Tax	Single income	Double Income
PAYE €0-€44,400	€8,880	€8,880
PAYE €44,400-€70,800	€10,824	€5,280
less PAYE tax credit	€1,830	€3,660
less home carer tax credit	€900	€-
total	€16,974	€10,500
PAYE as % of income	23.97%	14.83%
differential	6,474	
equal to % gross salary or 1.62 times more tax	9.14%	

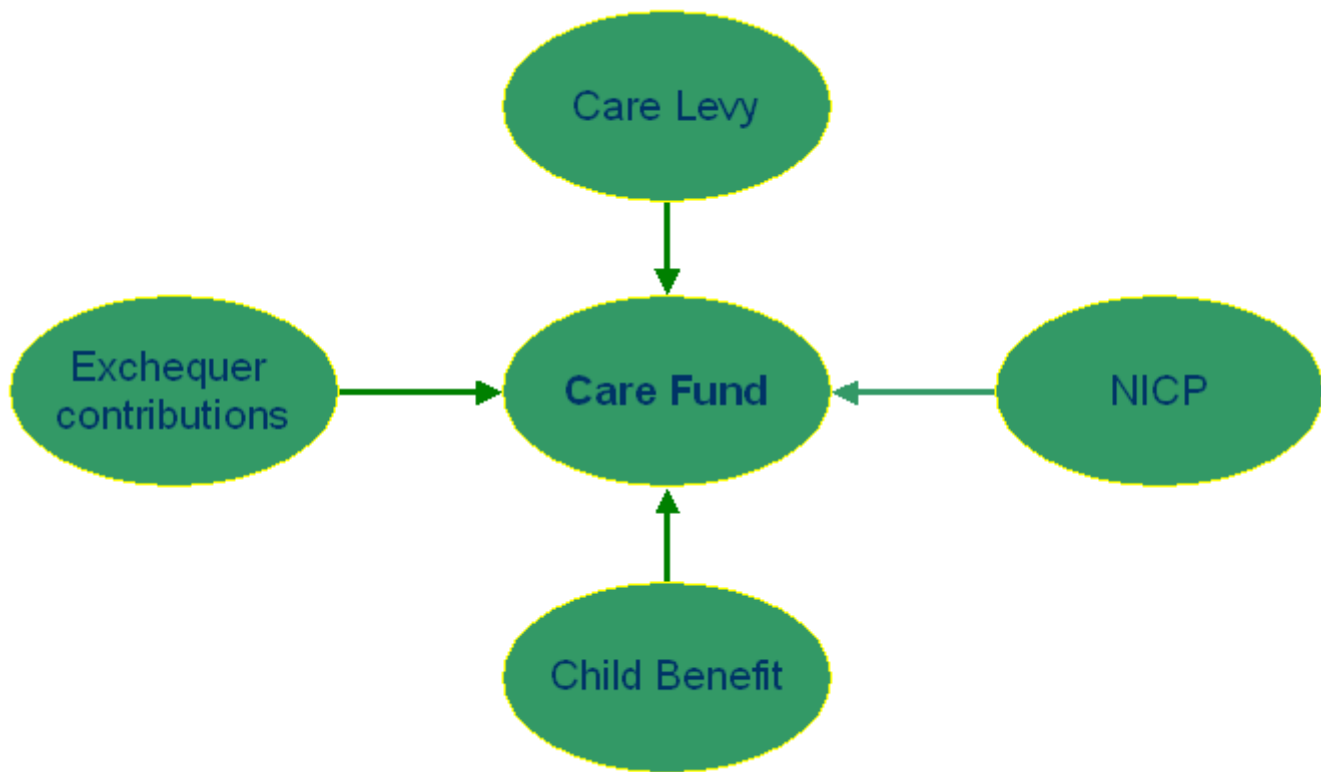
Child benefit: 4 children: €8,772

Child benefit: 3 (1 under six): €7,460

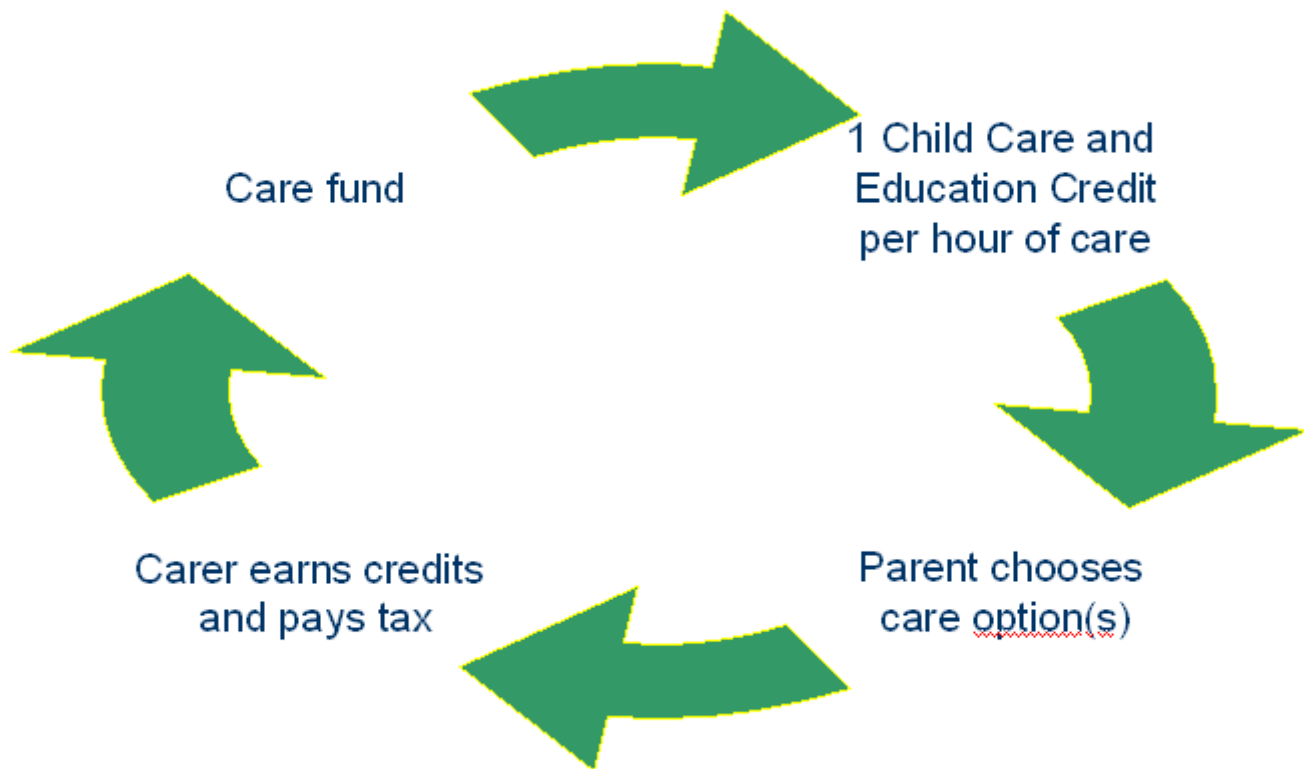
Child Care and Education Credits

- One system covering all care
- Recognises the care needs of children
- Decisions on delivery made by parents
- Flexibility and choice for parents
- Allows all who care for children to access income, social insurance and pension

Setting up a Care Fund



How Care Credits would work



Flexibility and Choice

- All who care for and educate children would earn credits:
- At-home mums and dads
- Family and community carers
- Respite carers
- Crèche workers
- Teachers

Benefits for Children

- Ensure access to parents is not limited for financial reasons
- Allow for flexibility and change in care arrangements in accordance with the child's needs and development
- Ensure access to early years' education
- Support research and improve security of care

Benefits for Taxpayers

- Less expensive family and community care options can be funded, providing competition for institutional care
- Cost-benefit analysis for different types of care can be undertaken
- The burden of tax will be shared by all active adults, including home carers

Benefits for Mums, Dads and Families

- Recognises all care in the GDP
- Income, pension and social insurance contributions based on all work
- Improves balance between family and paid work
- Target parents and children in poverty effectively

Benefits for Communities

- Incentivises at-home parents and other volunteers to provide services
- Greater flexibility and availability of home carers to compete with institutional care
- Better availability of volunteers
- More people in communities = less social isolation
- Less traffic and better use of social capital