



**Minister Launches Major Government Discussion Paper on
Proposals For Supporting Lone Parents**

***Report Proposes New Parental Allowance For Low Income
Families & End to Cohabitation Rules***

*Brennan Says Proposals Will Shape Reform Measures Targeted at Child
Poverty & Social Exclusion*

The Minister for Social Affairs, Séamus Brennan T.D., today launched a major Government discussion paper, *Proposals for Supporting Lone Parents*, which addressed the social exclusion and risk of poverty faced by many such families and their children and puts forward a range of radical proposals for reforms.

The report is the most comprehensive review on the welfare of Lone Parents undertaken for several years. It presents a review of the issues facing lone parents as research has identified children of lone parents as one of the major groups at risk of child poverty. The report sets out the significant supports, income and otherwise, currently in place and investigates the barriers to lone parents achieving social and financial independence.

There are currently some 80,000 lone parents - almost 98% of them women - in receipt of One Parent Family Payments at a cost in 2005 of €770 million. When other supports and entitlements are taken into account, including Child Benefit, Rent Supplement and Family Income Supplement, total expenditure is over €1.3 billion. Despite the unprecedented growth of the Irish economy over the last decade and record spending on social welfare, lone parents remain one of the groups who are particularly vulnerable to poverty, with over 30% in consistent poverty in 2004 compared to 7% of the overall population. The report shows that 60% of lone parents have one child and 25% have two children.

Minister Brennan, in welcoming the publication, said: "This report will make a valuable input into the shaping of a range of innovative and radical reform measures targeted at modernising social policies in the whole area of lone parents and other families on low incomes. The reforms being proposed in this area are very serious



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and complex and are not to be underestimated. However, I want to stress that this is not about bringing about savings; it is about introducing more enlightened social policies that directly target and benefit the lives of tens of thousands of people, especially children, who are for the most part caught in restrictive poverty traps.

“That is why as Minister for Social Affairs a key focus for me has been to ensure that the social welfare system meets the needs of all of our citizens in 21st century Ireland. It must be a system that not only delivers income support, which of course is crucial to those concerned, but also a system that provides supports and encouragement, incentives and activation measures designed to people's needs and abilities so as to ensure that the personal potential and contribution to society of no individual is overlooked or neglected. For this reason I am happy to present the proposals of this Government report which relate not only to income support, but to the entire system of welfare and the need for reforms and more enlightened social policies”.

Minister Brennan said that the Government, having considered the report, had asked that the findings and proposals should be placed in the public domain for debate.

“In launching this report today I want to start that debate. Several of the changes proposed are fundamental in nature, raising issues which touch on important aspects of Irish society. I want all views to be heard. To facilitate this I am organising in the weeks ahead a consultative forum that will allow for all views to be aired and all sections of society to have their voices heard.

“For my part, I am committed to pressing ahead with reforms that wipe away restrictive social policies and replace them with more enlightened policies that, in this case, will set about opening up genuine choices and opportunities for lone parents. The Government will listen closely to the views expressed as this report is debated and will give very serious consideration to them. As soon as I am convinced that we have reached conclusions that are fully workable and clearly thought out it will be my intention in the months ahead to take these proposals to Cabinet for discussions and decisions. I look forward to the proposals that emerge from this review, and the debate at national level, helping to shape reforms of the social welfare system so



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that it better reflects the reality of people's lives, needs and aspirations in 21st century Ireland”.

Minister Brennan said that overall the conclusion of the report is that while income support remains crucial and must be adequate to meet needs, passive income support alone is not sufficient if poverty, particularly child poverty, and social exclusion are to be comprehensively addressed and people are to have financial independence and reach their potential.

He said the report puts forward radical proposals for reform of the income support system for all parents on a low income and the implementation of an integrated programme to support the movement by lone parents into more full-time and quality employment involving the development of a comprehensive package of supports to be delivered using a cross government approach.

Overall, the aim of the proposed reforms is to:

- Prevent long term dependence on social welfare income support and facilitate financial independence.
- Facilitate participation in employment /education and training in a positive and supportive way.
- Remove poverty traps from the system of income support.
- Provide income support at a level sufficient to enable full participation in society.
- Recognise parental choice with regard to care of young children but with the expectation that parents will not remain outside of the labour force indefinitely.
- Change the expectations surrounding receipt of One-Parent Family Payment, introducing an expectation of participation but with supports provided in this regard.
- End the cohabitation rule by making it neutral in terms of influencing people's basic choices regarding their living arrangements.
- Ensure consistency of treatment across means tested social welfare schemes.

This report contains two strands of work by expert working groups that was conducted under the auspices of the Cabinet Committee on Social Inclusion, chaired



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by the Taoiseach. The first is a review of obstacles to employment for lone parents carried out by the Senior Officials Group on Social Inclusion, chaired by the Department of the Taoiseach. This is one of the key actions under the 'Ending Child Poverty' Initiative' of the 'Sustaining Progress' Partnership Agreement.

The second is a review of income support arrangements for lone parents carried out within the Department of Social and Family Affairs.

The Senior Officials Group's main findings are:

- The Exchequer is spending in excess of €1.35bn in direct supports for lone parents, but achieving poor outcomes in terms of tackling poverty and social exclusion for lone parents and their children.
- There is an absence of systematic engagement with recipients of OFP; it is possible to receive the payment in respect of a child from birth until the child becomes 18 (or 22 if in full-time education) with little engagement by the State with the parent.
- Significant barriers exist to lone parents entering full-time employment and there is little incentive or support to gain access to good quality employment.
- There is scope for the design and delivery in a more effective and integrated manner of a multiplicity of programmes availed of by lone parents in relation to training, education, childcare, support and advice.

The Group no longer considers it possible to continue to lock lone parents into a system which pays them an exclusionary wage. It recommends the implementation of an integrated programme to support the movement by lone parents into more full-time and quality employment, thereby enhancing their income and reducing the risk of poverty to them and their children. It proposes:

- Reform of income support, as developed by the Department of Social and Family Affairs;
- Expanded availability and range of education and training opportunities for lone parents;
- Extension of the National Employment Action Plan to focus on lone parents;
- Focused provision of childcare;



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- Improved information services for lone parents.

The review of the One-parent Family Payment (OFP) carried out in the Department of Social and Family Affairs proposes:

- A new **Parental Allowance** (PA) for low income families with young children. This will replace the current One-Parent Family Payment (OFP) and Qualified Adult Allowance (QAA) in social assistance.
- The payment will be based on a household means test and payable at the same rate as the UA/OFP rate (€165.80).
- One such allowance will be payable to one and two parent families.
- The new payment will be time limited, payable to families where the youngest child is under a specified age e.g. 7 years and under, or 12 years and under.
- Conditions on receipt of payment will be related to the age of the child. No conditions until the youngest child reaches a certain age e.g. 5 years. When the youngest child is between, for example, age 5 and 7, more active and mandatory engagement will take place. This will involve attending meetings with a Facilitator (Department or FÁS official) who will provide information / advice on various options i.e. education, training or employment. When the youngest child reaches a certain age, payment of PA will cease e.g. 8 years. If the parent is not in employment they could then apply for Unemployment Assistance, Back to Work Allowance, Back to Education Allowance or another appropriate payment if in need of income support.
- Those in receipt of PA would be allowed to earn up to €120.00 per week without it affecting their payment. For those with earnings over this amount, once the disregard has been applied, 40% of the remainder would be assessed as means (currently 50% is assessed as means). This would ensure that an incentive exists for the parent to enter and increase hours of employment without facing a poverty trap (i.e. a euro for euro withdrawal of payment will not occur).
- The upper income limit will be increased to €400 pw (already increased from €293 to €375 in Budget 2006, in line with the Group's recommendations).
- No limitation will apply where a PA recipient (including former QAs) cohabits with a person in receipt of a social assistance payment e.g. UA.



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- Lifting limitation for this limited period of time has the effect of increasing household income in such situations by over €55 per week. This increase recognises the higher costs associated with care of younger children. It also assists in addressing the problem of poverty among children in low income families.
- Lifting limitation means that there is no income loss for a lone parent in receipt of PA who decides to cohabit (removing the disincentive to form relationships or to declare them).

Minister Brennan said the categorisation of lone parents within the social welfare system, while originally intended to identify and target their particular needs, is no longer appropriate. Lone parents are not a homogenous group but are of differing ages, education and employment backgrounds.

He said: "Lone Parents are a valuable resource. Behind the statistics are very real lives, day-to-day pressures, lives given to providing the best for children and lives searching for greater fulfilment. Lone parents have the added responsibility of providing care for their children as well as often being the sole breadwinner. We have a responsibility to use the income support system and wider welfare supports to address the problems behind that income need, to tackle the social issues and pressures that blunt fulfilment and curb aspirations. Movement into employment is a transition that can transform lives, but is not always smooth. Obstacles can emerge along the way. The proposals in this report identifies and puts forward ways that offer a positive way forward in tackling these obstacles".

He said that the supports which are provided to lone parents, while substantial, have to date been passive in nature, with no active or systematic supports in assisting the person to take up education, training or employment opportunities.

Currently a person in receipt of OFP can continue to receive their payment until their child is 18 or 22 if in full time education, with no direct intervention by the state. This long term welfare dependency is not in the best interests of the lone parent, their children or society in general.



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Minister Brennan said that while the earnings disregard in the OFP has been successful in encouraging lone parents to enter employment, with 60% of OFP recipients in employment, it has also resulted in poverty traps emerging. The result is that lone parents are entering employment, but in attempting to retain the security of their social welfare income can become trapped in part-time, low paid employment.

Ends