



## European Anti-Poverty Network (EAPN) Ireland Presentation to Oireachtas Committee on Budgetary Oversight

22<sup>nd</sup> November 2016

### Assessment of Budget 2017 and Proposals for Strengthening Impact Assessment

## 1. Context

The European Anti-Poverty Network (EAPN) Ireland is a network of over 200 groups and individuals working against poverty. It is the Irish national network of the European Anti-Poverty Network (EAPN Europe), which has over twenty-five years of experience in lobbying for progressive social change at European level.

We welcome the opportunity to meet with the Oireachtas Committee on Budgetary Oversight to both give our analysis of Budget 2017 and to provide input into how to improve the poverty, gender and equality impact assessment of policy.

We welcome the creation of the Budgetary Oversight Committee and an Independent Parliamentary Budget Office as important steps in bringing greater Oireachtas oversight and input into the budgetary process.

The commitment in the Programme for Government *to develop the process of budget and policy proofing as a means of advancing equality, reducing poverty and strengthening economic and social rights* is very significant. However, we recognise the challenge in effectively achieving this commitment to impact assessment if it is to be effective.

Since the launch of the National Anti-Poverty Strategy (NAPS) in 1997, the all-party commitment to poverty proofing and Impact assessment of the Budget and its individual measures has one of the most important guarantees of an all-government approach to fighting poverty. However, EAPN Ireland and many other organisations and experts have identified the lack of detailed involvement of the Oireachtas as one of the biggest weakness in this process. Poverty proofing and impact assessment can only be effective if they are seen as political commitments as well as administrative systems.

This is equally true of the important proofing and impact assessment processes developed in other areas such as gender, equality, human rights, etc.

We hope that the Budgetary Oversight Committee can ensure that proofing and impact assessment become part of the political debate about what type of society we want to build as we emerge from recession and can bring an element of public accountability to these processes.

The Programme for Government also commits to the development of a **new Integrated Framework for Social Inclusion, to tackle inequality and poverty**. This would replace the current National Action Plan for Social Inclusion which was updated to 2015-2017. Consultation on this will hopefully begin

shortly and should include a commitment to ensuring the implementation of effective poverty and equality impact assessment.

EAPN Ireland has outlined its proposals for an integrated anti-poverty strategy. An integrated plan would address policies related to income, services and access to the labour market while also addressing institutional issues such as effective poverty impact assessment and good governance through the participation of people experiencing poverty and their organisations in policy making.

The current situation however is not positive. The latest poverty statistics show that in 2014 8% of people were in consistent poverty in Ireland, up from 4.2% in 2008 despite the national commitment to reducing this to 4% in 2016 and 2% or less by 2020<sup>1</sup>. This will require considerable commitment across all policy if it is to be achieved. The situation is worse for specific groups in society including those who are unemployed, have a disability or are in a lone parent family, as they are for groups not captured in official statistics including those who are homeless and minorities such as Travellers, migrants and asylum seekers.



The positive progress in reducing income inequality between 2005 and 2009 has also been reversed. Between 2009 and 2014 the share of income by the top 20% of earners compared to the bottom 20% increased from 4.3 times to 5 times.

There are also major deficits in social infrastructure and inequality in access to services in such areas as health.

EAPN Ireland's members take the view that this increase in poverty is the result of priorities and policies before and during the recession. However, regardless of the analysis of the past, the priority now is to agree on how we will turn this around, as the economy recovers, and reduce and eventually eliminate the scourge of poverty from our national life. In spite of broad commitments to helping the most marginalised, this discussion has been generally lacking.

This Committee has an important role to make in ensuring that policies are supporting the Governments commitments to poverty reduction and to delivering on an integrated strategy to address poverty and inequality.

<sup>1</sup> CSO , Survey of Income and Living Conditions 2014

<http://www.cso.ie/en/releasesandpublications/er/silc/surveyonincomeandlivingconditions2014/>

## 2. Assessment of Budget 2017

Overall EAPN Ireland would view some of the measures in Budget 2017 as a step in the right direction but we are worried that it is too little too late. The Budget provides some relief for people affected by poverty but does not show either the urgency of people suffering from poverty now or signal the type of long term changes needed to reduce and ultimately eliminate poverty.

### We welcome:

- €5 increase in almost all social welfare payments.
- Partial restoration of the Christmas bonus (from 75% to 85%).
- €20 partial reinstatement of the income disregard for lone parents on the One-Parent Family Payment and the Jobseeker's Transition payment.
- Increased funding for the Housing Assistance Payment and almost €100m for emergency accommodation for homeless people.
- Increased budget for social housing, but recognise that this still falls short of the large amounts needed to provide sufficient numbers of social houses.
- The introduction of the first stages of a new Single Affordable Childcare Scheme.
- An increase of €36.5m in funding for higher and further education.

### However, we regret that

- Those under 26 years continue to be on a lower social welfare payment and that the budget effectively increased the gap between them and their older counterparts.
- There was no increase in supports to those asylum seekers in the Direct Provision system who get €19.10 per week for adults and €15.60 for children.
- the minimum wage was only increased by 10c per hour.
- Budgetary measures do not appear to be part of an overall plan to address poverty but involved spreading resources thinly.

We are concerned at cuts to taxation, via the USC. By international comparison Ireland already has a low taxation base and a large infrastructure deficit. This was highlighted in the European Commission Country Report for Ireland in February 2016<sup>2</sup>. The cuts to USC benefitted those on higher incomes<sup>3</sup> most and could have been better spent on services such as childcare and housing and reducing the cost of living for those on the lowest incomes.

### Distributional Impact

The ESRI assessment of the distributive impact of Budget 2017 is that it is close to distributionally neutral overall, but with some minor additional resources targeted towards those on the lowest incomes<sup>4</sup>. It factors in water charges up to March 2016 and social welfare changes from March 2017. This is based on the ESRI and the Central Bank forecast that wages will grow by close to 2.4 per cent in 2017. A zero percent distributional impact means keeping pace with this growth across all income groups.

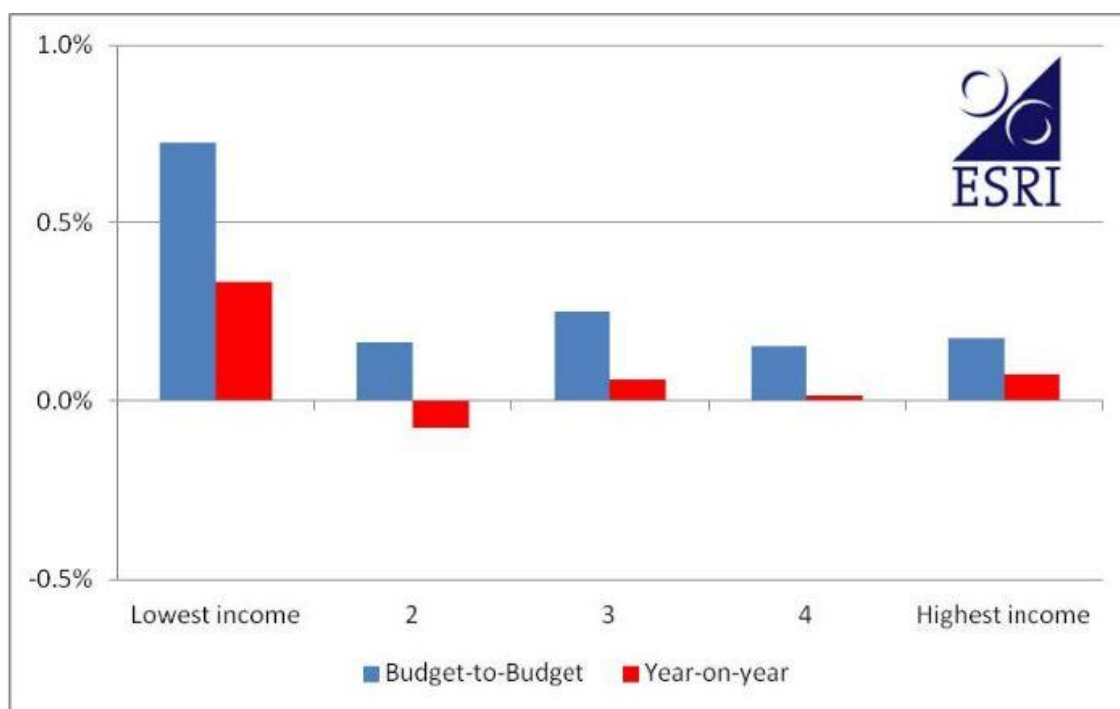
---

<sup>2</sup> [http://ec.europa.eu/europe2020/pdf/csr2016/cr2016\\_ireland\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2016/cr2016_ireland_en.pdf)

<sup>3</sup> USC changes will result in a single full-time worker (37.5 hours) earning the 2017 NMW (€9.25) having an increased take home pay of €90 per annum 2017. Those on a salary of €35,000 per annum the benefit by €177 over the year while an individual earning €70,000 will see an increase of €352.

<sup>4</sup> <https://www.esri.ie/news/budget-2017-distributive-impact/>

It should be noted that their assessment excludes impact of Housing Assistance Payment and the Affordable Childcare Scheme, which has both universal and means-tested elements, the increase in the Minimum Wage, a 50c increase on 20 cigarettes or the help-to-buy scheme.



### 3. Adequacy benchmark for social welfare rates

As stated earlier we believe that an integrated approach is needed to address poverty and social exclusion. This includes measures across income, services and access to decent jobs.

Specifically in terms of social welfare we propose that all adult social welfare rates be benchmarked to a level which both lifts people above the 60% poverty line while also being adequate to provide them with a Minimum Essential Standard of Living. This could be achieved over a number of budgets.

- The most recent Survey of Income and Living Conditions for 2014 shows the 60% poverty line for an individual at €209.39 per week. The social welfare rate for most adults is now €193.00. The gap is over €16.39 per week. The poverty line will change as incomes for the overall population rise and fall.

Social Welfare Payment	Rate March 2017	Relative Poverty line <sup>5</sup> 2014	Gap
Jobseekers Allowance	€193.00	€209.39	-€16.39
Jobseekers Allowance age 18-24	€ 102.70	€209.39	-€106.69
Jobseekers Allowance age 25	€ 147.80	€209.39	-€61.59
Disability Allowance	€193.00	€209.39	-€16.39
One Parent Family Payment	€193.00	€209.39	-€16.39
Old Age Pension (Non-contributory) age 66-79	€227.00	€209.39	+€17.61
Old Age Pension (Non-contributory) age 80 +	€237.00	€209.39	+€27.61

<sup>5</sup> The relative poverty line is set at 60% of the median (middle) income.

- The Minimum Essential Standard of Living as assessed by the Minimum Essential Budgeting Standards Research Centre<sup>6</sup>. Based on a very widely accepted methodology, focus groups identify the basket of goods and services required by different family types to meet their physical, psychological and social needs. This basket is used to calculate the cost of a minimum essential standard of living for these family types and the income levels needed to meet it. As the cost of goods and services rises and falls so does the cost of a Minimum Essential Standard of Living. Therefore the Minimum Essential Standard of Living is updated each year with an initial assessments also made of the impact of Budgets.

The Minimum Essential Budgeting Standards Research Centre analysis of Budget 2017 shows that of the 207 household types with children on social welfare the number of families capable of meeting a minimum essential standard of living will marginally increase from 23 to 27 households.

Their analysis shows that it will leave a single adult over 25 years of age on social welfare with an income inadequacy of almost €60 per week when Budget 2017 changes take place. The gap in 2016 is currently €62.64 per week. They also have calculations for many different family types.

#### 4. Poverty Impact Assessment

Poverty Proofing and subsequently Poverty Impact Assessment has been part of Ireland's National Anti-Poverty Strategy in 1997 and its successor the National Action Plan for Social Exclusion 2007-2016. They have been a key part of the process for ensuring the policies and programmes helped to reduce poverty and social exclusion or at least did not increase them.

Since 1999 Poverty Proofing has been defined as:

*'The process by which government departments, local authorities and State agencies assess policies and programmes at design, implementation and review stages in relation to the likely impact that they will have or have had on poverty and on inequalities which are likely to lead to poverty, with a view to poverty reduction.'*

It is important to highlight that the focus is not just on budgetary or spending policy but on all policy and programmes which could impact on poverty and inequalities. It also looked at the impact on different groups and was not limited to purely statistical analysis but allowed for much more flexible approaches to assess the possible impact.

In 2006, based on a *NESC Review of the Poverty Proofing Process*<sup>7</sup>, a review was undertaken and new Guidelines for what was to be called Poverty Impact Assessment were published in 2008<sup>8</sup>. The guidelines updated the circumstances in which poverty impact assessment was judged to be necessary and the process by which it should be carried out. The Guidelines emphasised the importance of consultation and transparency as part of the process involving seven steps.

---

<sup>6</sup> [www.budgeting.ie](http://www.budgeting.ie)

<sup>7</sup> [http://files.nesc.ie/nesc\\_reports/en/NESC\\_106\\_2001.pdf](http://files.nesc.ie/nesc_reports/en/NESC_106_2001.pdf)

<sup>8</sup> [http://www.socialinclusion.ie/documents/PIAGuidelineswithnewEU-SILCfigures\\_000.pdf](http://www.socialinclusion.ie/documents/PIAGuidelineswithnewEU-SILCfigures_000.pdf)

- Step 1 – Consultation
- Step 2 – Define policy aims and target groups
- Step 3 – Identify available data and research
- Step 4 – Assess impacts and consider alternatives
- Step 5 – Make decision and arrange monitoring
- Step 6 – Publish results
- Step 7 – Return summary sheet to Social Inclusion Liaison Officer

The Office for Social Inclusion in the Department of Social and Family Affairs had overall responsibility for Poverty Proofing. The Combat Poverty Agency provided independent monitoring practical support to implementing the process, particularly at local level. Poverty Impact Assessment was also integrated into the Regulatory Impact Assessment process which is carried out on a mandatory basis on particular policy proposals.

However, assessments indicate that from the start, while there may have been a reasonable level of formal compliance and reporting, that it was much more difficult to identify what the actual impact was on policy and programmes, and therefore the impact on poverty.

Since 2008 the Social Inclusion Division in the Department of Social Protection has continued to work on Poverty Impact Assessment, but with ever decreasing resources and focus. In effect throughout this time, Poverty Impact Assessment was only carried out in very limited circumstances, and with little transparency in the process.

In 2012 the Government published the *National Social Target for Poverty Reduction* which revised Ireland's poverty reduction target. The process for supporting the delivery of the target included a commitment to publishing a Social Impact Assessments of Budgets. As a result the Department of Social Protection has published Social impact assessment of the main welfare and tax measures for each Budget since 2013. While the analysis in these reports is useful it is an ex-post assessment of the Budgets and so not used to inform budgetary decisions in advance. It is also unclear how it is used by Government to inform subsequent policy. Over this period there has been almost no visible ex-ante poverty impact assessment of Budgets.

### **Recommendations for poverty and equality impact assessment**

In its pre-budget submissions each year EAPN Ireland has highlighted that Poverty Impact Assessment needs to be carried out in line with Government policy. The following are some of the key principles that need to be applied in applying Poverty Impact Assessment of Budgets. Poverty Impact Assessment must:-

- Be **comprehensive** and include all relevant policy areas. This requires a strong commitment by all Government Departments and Ministers to adhere to the spirit and provisions of the 1997 National Anti-Poverty Strategy (NAPS) and the current National Action Plan for Social Inclusion (NAPS Incl) 2007-2016.
- Be a **planning** and not just reporting process; Poverty Impact and Social Impact Assessment must be overtly used to direct individual policy decisions and overall budget strategy.
- Be **transparent** and be published in a transparent manner involving a clear assessment and justification for decisions in poverty terms and how they impacted on policy;

- involve meaningful **consultation** with those impacted on by the policy measures;
- Be part of public **debate**, including debate in the Oireachtas, on the implications of different policy options for poverty and the impact of the choices made; and
- Involve **assessment** using a range of indicators, not just the numbers at-risk of poverty, and look at the actual impact on people's lives, following the central principle of Ireland's anti-poverty strategies which recognise poverty as multi-dimensional.

Given the poor track record on the implementation Poverty Impact Assessment in Ireland it is essential that it is now implemented in a way which is effective and visibly impacts on policy and programmes. This involves a commitment to the overall goal of a comprehensive proofing system but developing a process which evolves over time and is based on learning through implementation. This can only be effectively done through engagement with those impacted on by the policy decision and their organisations.

There must be a commitment to and ownership of impact assessment at the top of Government as a tool for supporting it to deliver on its commitments to reducing poverty and inequality. The Department of the Taoiseach should take a lead role in rolling it out across all Government Departments.

The impact assessment process also needs to be resourced including investment to building the capacity of those involved in carrying out the process.

**In conclusion**, the effective impact assessment of the Budget is essential in addressing poverty and inequality. This Committee now has a key role in ensuring that this happens in a transparent manner. This should not just involve looking at the specific tax and expenditure changes in any one Budget but at overall taxation and expenditure. It is also crucial that the Government looks to strengthen the implementation of impact assessment across all of policy and programme areas as envisaged in poverty impact assessment guidelines.

#### EAPN Ireland

Established in 1990, the European Anti-Poverty Network (EAPN) Ireland is a network of groups and individuals working against poverty. It is the Irish national network of the European Anti-Poverty Network ([EAPN Europe](#)), which has two decades of experience in lobbying for progressive social change at European level.

EAPN Ireland supports a network of over two hundred local, regional and national organisations and individuals' committed to tackling poverty through a range of actions including community development, policy analysis and lobbying, campaigning and participation. EAPN Ireland aims to build the capacity of its membership to engage with national and European policy making through training, information dissemination, collective action and networking.

EAPN Ireland has a Policy Group of its members. This group brings together interested EAPN Ireland members to coordinate our efforts in the fight against poverty and to connect this to EU policy development and their implementation in Ireland, including the Europe 2020 strategy. It is made up of representatives of the following organisations:

- |   |                                       |
|---|---------------------------------------|
| • Age Action Ireland                            | • National Adult Literacy Agency      |
| • Congress Centres Network                      | • National Youth Council of Ireland   |
| • Disability Federation of Ireland              | • National Women's Council of Ireland |
| • EAPN Ireland                                  | • One Family                          |
| • Irish National Organisation of the Unemployed | • Simon Communities of Ireland        |
| • Irish Traveller Movement                      | • SIPTU.                              |
| • Migrant Rights Centre Ireland                 |                                       |

For information, please contact Paul Ginnell, [paul@eapn.ie](mailto:paul@eapn.ie)

EAPN Ireland: 100 North King Street, Smithfield, Dublin 7. [Tel:01-8745737](tel:01-8745737) web: [www.eapn.ie](http://www.eapn.ie)