

# A Woman's Model for Social Welfare Reform

## A Woman's Model For Social Welfare Reform

Commissioned by  
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(Comhairle Náisiunta na mBan in Éirinn)

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A report by Mary Murphy

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# SOCIAL WELFARE GLOSSARY

**Claimant:** a person applying for a payment in his/her own right either for themselves or for themselves and child or adult dependants.

**Contingency:** this refers to a specific "state" which a person must be able to prove in order to be eligible for payment, for example disability, illness, old age, unemployment.

**Contribution record:** record of amount of PRSI paid or credited to people during their working lives.

**Credits disregards:** in 1994 a scheme was introduced allowing homemakers to disregard a period spent caring for under-12s at home. A maximum of 20 years can be disregarded when calculating the claimant's eligibility to a social insurance based pension.

**Governing contribution year:** the year(s) in which you must have paid a certain number of PRSI contributions (or received a certain number of PRSI credits) to be eligible for a social insurance payment.

**Irish social welfare system:** Irish system of income support administered by the Department of Social and Family Affairs.

**Limitation rule:** the limitation rule refers to the social assistance payment structure where in households where both adults have eligibility for a payment in their own right (for example, both are unemployed) the total payment to the household is reduced to 1.7 times the rate of two adult payments. This rule does not apply to two old-age pensioners or both adults have individual entitlement to disability allowance.

**Means test:** there are four specific tests for different categories of income. Income from earnings (and income from spouse's earnings). Benefit and privilege (that is the value of living in the family home). Savings and investments. Rental income from property.

**Pay-related social insurance (PRSI) payments:** Employed people pay insurance (usually a per cent of earnings) into a fund that then covers them should they be unable to work.

**Pre-entry credits:** are given when you first start work and are awarded retrospectively to the beginning of the tax year in which you start work and the previous two tax years.

**Qualified adult allowance:** payment issued to a claimant in respect of a qualified adult, formerly adult dependant allowance.

**Qualified adult:** a claimant can claim a payment (for non old-age payments usually 70 per cent of the adult payment) when the claimant can prove a spouse or partner does not have a social welfare payment in their own right or earn adequate income from employment (€88.88 per week or more), formerly called adult dependant.

**Secondary benefits:** a collective term given to a group of payments, mainly the medical card, housing supplements or subsidies, fuel allowances, back-to-school allowances and Christmas bonuses and free schemes for those on old-age pensions. The term secondary benefits has no particular legal meaning, but is usually used to describe the non-cash benefits a person on social welfare might be getting in addition to their main payment such as the back-to-school allowances etcetera. It is important to note that some of these schemes (in particular, medical cards and differential rents) are major schemes in their own right and are available subject to conditions such as means tests both to people on social welfare and to people whose income is from other source, in other words they are not linked to a "main" social welfare payment.

**Signing on for credits:** people getting certain payments from the Department of Social and Family Affairs (for example, unemployment benefit, disability benefit, maternity benefit) automatically get credits. People not getting a payment but eligible for credits have to show they qualify (for example by sending in medical certificates in the case of illness, or by "signing on" as unemployed). A person out of the PRSI system (paid or credited) for more than two years will normally have to pay 26 PRSI contributions before claiming credits.

**Social assistance payments:** these are means tested and funded totally by the Exchequer. To qualify, a person must prove a contingency and pass a means test.

**Social insurance credits:** are designed to protect the social insurance record of someone who has already been in insurable employment but is temporarily unable to work (either short-term or long-term) for specific reasons such as unemployment, illness or certain types of caring work.

**Supplementary welfare allowance:** a means-tested safety net system for those who fall out of social insurance or assistance because they cannot prove any of the contingencies or because they have a specific need that cannot be met in the mainstream social welfare system.

**Universal payments:** a class of payments paid to everyone who passes a specific contingency and are paid regardless of means and social insurance record.

**Voluntary PRSI contributions:** If aged under 66 and no longer covered by PRSI, you can pay voluntary contributions so you can be covered for a limited range of social insurance payments. Payment is usually a percentage of income or, if on a very low income, a fixed amount.

# FOREWORD

## **National Women's Council of Ireland**

The National Women's Council of Ireland (NWCi) commissioned this research because of its concern that the social welfare system continues to deny women full independence. Even now, in 2003, the system reinforces a notion of women as adult dependants, rather than as individuals entitled to benefits in their own right. Furthermore, the social welfare system fails to give adequate recognition to women's unpaid caring work. The consequences of this failure are the higher-than-average risks of poverty experienced by certain categories of women who are, or have been, engaged in caring work for long periods, particularly lone parents and older women.

We are seeking in this research to advance a model of social welfare reform that promotes the economic independence of women within the social welfare code and enables individual (non-derived) rights to social welfare. The NWCi strongly advocates a rights approach that recognises economic independence within the family as an essential precursor to realising full citizenship rights for women in society. This definition emphasises the need for personal freedom and independence as a fundamental principle underpinning a rights approach to equality.

## **Importance of Rights**

The NWCi advocates a rights-based approach to economic independence for women. A social justice perspective on rights sees rights as existing irrespective of a person's standing in the market. The NWCi does not consider the inequalities resulting from exclusively market outcomes to be acceptable. Instead, rights are urgently needed to correct the unjust market outcomes in a collective way where everyone shares the costs (Murphy and O Flynn, 2000).

In this context, a rights-based approach is understood to mean a direct individual legislative entitlement to a particular resource, for example a social welfare payment. The previous National Economic and Social Council Strategy (1999) acknowledged the importance of social and economic rights which underpin equality of opportunity.

The most recent NESC report states that "the social welfare code needs to harmonise more with labour market developments and with progress in individualising the tax code... [with] the choice of couples to make separate and independent claims,... [also that] consideration be given to abolition of the 'limitation rule' [and] to allowing those seeking part-time employment, because of caring responsibilities in the home, to register as seeking work. The ability of [these] people to build up credits within the insurance system ... should be explored." (NESC, 2003).

Using the basis of the Convention for the Elimination of Discrimination Against Women, the Beijing Platform for Action commits to a rights-based approach by seeking action to "revise laws and administrative practices in order to ensure women's equal rights and access to economic resources." The development of a rights-based approach aimed at

securing economic independence for women is consistent with these international instruments.

## **What Women Want**

The NWCi's position has been formed by the views and needs of its affiliate organisations. Our position is based on a number of consultation processes with affiliates for our research on women and poverty, our submissions to the National Plan for Women, the National Plan against Racism and the Review of the National Anti-Poverty Strategy and for this research. It has also been shaped by information emerging from a series of project-based consultation processes, including its ongoing In from the Margin Project, funded under the Equality for Women measure, and a large-scale participatory learning project, the Millennium Project which worked extensively with affiliates in 1999 and 2000.

Issues raised in consultations have been reflected in submissions to various policy consultation processes over the years, especially those concerning the annual budgetary process, the Review of the National Anti-Poverty Strategy and the National Plan for Women. These are brought together in the equality framework outlined in the NWCi Strategic Plan (2002). The social welfare reform proposals are consistent with the equality framework's key elements of redistribution, respect, recognition and representation (NESF, 2002).

Social insurance reform is a live and urgent issue for NWCi affiliates. Women are motivated to seek reform because of the practical issues emerging for women in the present model of welfare. These include economic dependence and related entrapment in domestic violence, incomplete access to PRSI coverage, lack of access to appropriate payments reflecting the reality of women's lives, take-up and welfare-to-work issues and the bewildering complexity of entitlements.

For NWCi members, the issue is also a matter of principle. Many women feel that the concept of adult dependency is a negative one that underpins ideologies of women's inequality. Reform is important not only from a practical perspective but also because it can give financial and economic value to women's contribution to family, social and economic life and so promote equality and respect for women's work and contribution.

From the NWCi perspective, social welfare reform is a tool to revise the value placed on the contributions of both women and men to family, society and the economy. This requires, amongst other things, a fair sharing of resources between women and men, the right to economic independence for all women and men and, above all, recognition of the economic contribution made by unpaid caring work.

There is still substantial evidence that the Irish social welfare system facilitates and causes gender inequality in a male breadwinner model. Furthermore, there appears to be a level of complacency with this approach among many key players in the Irish policy-making system. Increasing the quantity and

quality of women's participation in decision-making will be an important factor in making reform of social security a priority. We recommend the introduction of a social insurance board with adequate representation from gender equality interests, including the NWCi.

To effect change in the policy-making system it is important that those assumptions either consciously or unconsciously informing the policy agenda of the policy-making system, should be made fully transparent. Training, awareness-raising and public debate are all important ways of changing attitudes. It will be important therefore to ensure that this debate is not kept within the confines of the Social Insurance Working Group or any future social insurance board.

The NWCi will seek to provide leadership in the debate to develop a vision of a reformed social welfare system that can promote women's equality. The NWCi will ensure that this debate takes place not only within social partnership but also in the media and in appropriate Oireachtas committees, with the aim of getting a Government commitment to develop a Green Paper on independent entitlement for women. What it sees as crucial now is the acknowledgement of the need for reform and a commitment to the development of a system that, finally, promotes financial equality for women within the social welfare system.

On behalf of the NWCi, I would like to acknowledge and appreciate Mary Murphy for her tireless work on this report and for her advice to our organization during the course of this research. I would like to thank the advisory group members for their guidance, and the Combat Poverty Agency and the NDP Gender Equality Unit of the Department of Justice, Equality and Law Reform for their valuable financial support. (Note: the views expressed in this report are not necessarily the views of Combat Poverty Agency). Finally, I wish to thank the NWCi staff members for their contributions to this report.

## **Gráinne Healy**

*Chairwoman, National Women's Council of Ireland  
April 2003*

A feminist policy alternative stresses support for both employment and care giving – both are seen as essential for social and political participation.

"If society is not capable of harmonising motherhood with employment, we shall forego the most effective bulwark against child poverty. We shall additionally face very severe labour force shortages or alternatively a shortage of births. As women tend to be more educated than men we shall be wasting human capital. Gender equality is becoming the lynch pin of any positive post-industrial equilibrium.

There is clearly a place for a new 'women-friendly' social contract because improving the situation for women will improve the collective welfare of society at large. The policy challenge boils down to two principle issues. Firstly, how to make parenthood compatible with a life dedicated to work and careers as well. This is usually identified as the question of women friendly policy. Secondly, how to create a new and more egalitarian equilibrium between men's and women's lives. The gender equality issue." (Esping-Andersen, 2003).

# EXECUTIVE SUMMARY

## Rationale for Model

This research has forwarded a number of rationales to argue for a modernised social welfare system. It argues for reform from an equality and anti-poverty perspective and points to the need for reforms that enable outcomes which maximise the economic independence of women. The research concludes that social welfare reform is crucial and urgent and driven by the need:

- To maximise the economic independence of women;
- To achieve a greater worklife balance and greater sharing of caring work;
- To ensure that the social welfare system reflects patterns of women's labour and market participation which are, in turn, influenced by the reality of care in family lives.

The challenge for a reform model is to strike the balance between accommodation of and respect for care and promotion of labour market equality in a context of high employment levels for both women and men.

The social welfare modernisation model is a combined social insurance and social assistance model organised into four desired outcomes or central themes that, when combined, produce the outcomes in Box 1.

## Box 1: Outcomes from Model

- Increased likelihood of women having independent income from employment or social welfare
- Access to independent entitlement to pensions
- Recognition of periodic gaps in labour market participation for parenting/caring
- Accommodation of atypical forms of work, including part-time work.

## Specific Recommendations

The key unifying feature of the model is the need to increase the likelihood of women having independent entitlement to income via employment or social welfare. This should be done through the following short term and long term recommendations:

### Pensions: Provision for Older Women without Individual Pension Rights.

- That the qualified adult allowance for all old-age pensions be increased to 100 per cent of the non-contributory old-age pension (NCOAP) full adult rate and paid directly to the woman. By 2007 ensure that the qualified adult rate for the old-age pension (OAP) and NCOAP rises to 100 per cent of the existing NCOAP rate.
- That homemakers' disregards be made retrospective from 1973. This should be achieved by 2004.
- That homemakers' disregards be turned into homemakers' credits. This should be achieved by 2004.

- A gender impact assessment of Phase II of the Review of Contributions' Qualifications recommendations should be undertaken.

## Developing Contingency for Parenting and Wage for Caring

- Extension of maternity benefit from 18 weeks to 26 weeks. This should be achieved by 2004.
- Introduction of paid parental leave benefit for parents of young children. This should be achieved by 2004.
- Introduction of part-time parental leave benefit for parents of children up to the age of 11. This should be done by 2010.
- Introduction of means-tested parental allowance by 2004.
- Introduction of a means-tested part-time parental allowance by 2010.
- Development of a mechanism to facilitate care of older and infirm people to be valued as paid work by consolidating carers' benefit and carers' allowance into a "wage". This should be achieved by 2010.

## Recognising the Labour Market Reality of Atypical Women's Employment

- Introduction of a new part-time unemployment benefit and assistance for parents with children aged 0-12, so that parents seeking part-time work can have that part-time unemployment recognised. This should be introduced by 2005.
- Specific reforms of social insurance contribution rules to enable relatives assisting, including spouses of self-employed / farmers, to be insured as employees. This should be introduced by 2005.
- Rectification of means-testing anomalies by ensuring uniformity of earned income disregards, to be completed by 2004.

## Maximising Independent Entitlement

- Structural reform in social insurance in relation to eligibility for credits by way of changing S57 SI 312 1996 to enable a re-entry credit for homemakers re-entering the system. This should be done by 2004.
- Structural reform of social assistance system through abolition of the limitation rule. This should be achieved by 2004.
- Increasing the likelihood of women having independent entitlement to income will require administrative changes and resources to enable sufficient investigation at claim stage, so each adult is exercising their full potential to be a claimant in their own right. It will also require clarity regarding eligibility requirements and consistency in regional application of guidelines determining eligibility for payments. It will also require a national information campaign aimed at women.
- Reform is also needed in labour market policy and employment policy and especially in the practical world of work where legal rights to family-friendly work life need to

be developed and implemented. Further investment in childcare is also required.

- The NWCI recommends that this report be examined by the Oireachtas Committee on Women's Affairs and within the implementation structures of the National Plan for

Women. Progress on reform in social welfare should be reported in the annual National Employment Action Plan under the objective of reforming tax and social welfare systems to facilitate access to employment.

# CHAPTER 1: INTRODUCTION

The NWCI, the national representative organisation for women's groups in Ireland, has 165 affiliated women's organisations. The vision of the NWCI is the creation of a society in which all women and men can participate with equal effectiveness as full citizens and in which the independence of women is determined by right.

## 1.1 RESEARCH AIM AND OBJECTIVES: MODERNISATION OF SOCIAL WELFARE SYSTEM

The separate but related issues of modernisation of the social insurance system and access to independent income for women have long been topical. Most people accept that the primary route for independent income for women and men is through labour market participation. Equal right to work and equal pay for equal work have been important landmarks for gender equality. How the social welfare and labour markets facilitate and enable women's participation in the labour market is crucial to ensuring maximum participation and maximum gender equality in the labour market.

At the same time, for women who cannot work or who cannot find work, the debate about independent income for women must focus on the social welfare system. This system must be capable of distributing income to a woman at key stages of her life cycle when she is unable to provide her own income directly. This research is motivated by an awareness of a mismatch between the 21st century reality of women's lives and women's labour market participation and a 20th century social welfare system designed to cope with a radically different world.

This research aims, from a rights, gender equality and anti-poverty perspective, to develop a case for, and a model of reform of, social insurance and social assistance payments in Ireland. Building on work done elsewhere, the research aims to develop a framework that can be used to build a modern social welfare system capable of meeting the needs of women in Ireland in the 21st century.

The scope of the research will be to:

- Build a model to advance further reform of social insurance payments and social assistance payments;
- Examine the practical implications of pursuing a social insurance-led reform model;
- Assess both models from the perspective of considerations relating to cost, labour market and welfare-to-work, care, equality and poverty;
- Develop a strategy to ensure the implementation of this model over the next five budgets and into the longer term.

## 1.2 RESEARCH METHODOLOGY

The research methodology was primarily desk-based research supplemented with interviews with a small number of statutory and academic social security experts. Recommendations were discussed with an expert advisory committee who met twice to comment on terms of reference and a draft report. The timeframe for the research was May to July 2002.

Thanks are due to the participants on the advisory committee (who served on the committee solely in an advisory capacity and do not necessarily concur with the report's conclusions or recommendations). This advisory committee comprised Carol Baxter, Laurence Bond, Claire Farrell, Eithne Fitzgerald, Anne-Marie McGauran, Anne McManus, Ita Mangan, Anne-Marie O'Connor and Orla O'Connor. The researcher would also like to thank Ursula Barry for advice, Eithne Fitzgerald for providing valuable information in Chapter 2 and the Department of Social and Family Affairs which assisted with costings. Thanks are also due to Combat Poverty Agency and National Development Plan Gender Equality Unit in the Department of Justice Equality and Law Reform who provided funding for this research.

## 1.3 STRUCTURE OF THE REPORT

**Chapter 1** outlines the research objectives, methodology and chapter outline.

**Chapter 2** reviews trends in women's participation in the labour market.

**Chapter 3** introduces a gender perspective on the structure of the Irish social welfare system and the history of recent debate about social welfare reform in Ireland.

**Chapter 4** develops approaches to reform and advances a rationale for reform and principles to guide reform.

**Chapter 5** looks in depth at a framework towards enabling independent income for women. It focuses on reforms in both social insurance and social assistance and develops a framework to address practical issues in relation to gender equality.

**Chapter 6** reviews the practical implementation of the combined social insurance and social assistance system and puts these recommendations in a specific time scale. It reviews the caring and labour market implications of these recommendations and examines the recommendations from an equality and poverty perspective. It costs the proposals.

## Bibliography

### Appendices

Review of Individualisation Debates  
Proposals for Reform that Influenced the NWCI Model  
Equality Assessment  
Changing Nature of the Labour Market  
Worklife Balance Scenarios  
"Social policy debate of the last decade has been about harmonising social benefits and labour markets" (O'Connor, 1999).

Developments in the Irish labour force over the last few years have been dominated by extremely rapid employment growth. The growth in female employment rates has been

both faster than men's and different in character to male employment patterns.

## CHAPTER 2: WOMEN'S PARTICIPATION IN THE LABOUR MARKET

### 2.1 FEATURES OF WOMEN'S PARTICIPATION IN THE LABOUR MARKET

This chapter discusses the following features of women's labour market participation and concludes that, for reasons of efficiency and equity, the marked differences between women and men's labour market require reforms of the social welfare system so that it better reflects and enables women's labour market participation. The nature of the labour market is changing for women and men (see below) and there is evidence that:

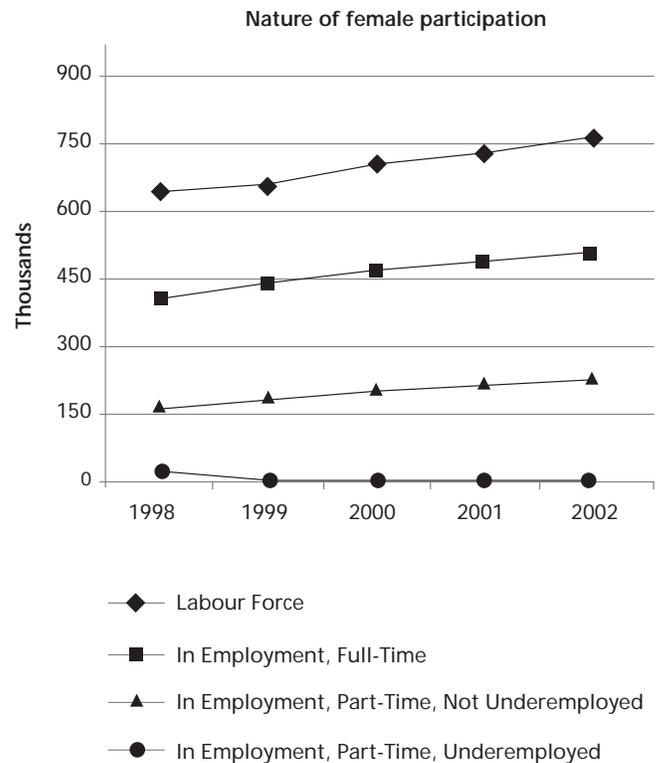
- Women's participation is growing at a considerable pace and faster than that of men;
- There is greater demand from women for part-time employment;
- There is considerable movement in and out of the workforce for women, depending on the age of their children
- There is considerable activity at the fringe of the labour market even for women who describe themselves as inactive;
- Attachment to the social welfare system may influence the level of labour market activity for women.

A vision of the future requires a modernisation and realignment of labour market, employment and social welfare policy.

### 2.2 WOMEN'S INCREASING PARTICIPATION IN THE LABOUR MARKET

Women's labour force participation (up to the age of 60) has been rising steadily over time from a low base. Increasing numbers of women now combine work (full or part-time) with raising a family and more women are returning to work when children are older. Almost half of women in their early 50s, and a third of women in their late 50s are now at work. This is not the case for older women, especially older single women who have an even higher rate of early retirement from the workforce than single men. Almost half of single women have retired before the age of 60. People with working spouses (except where the spouse was on a high income) and people with dependent children were more likely to continue at work (Quinn et al., 1998).

Figure 1:



Comparing internationally, the National Economic and Social Forum (NESF, 2000) noted that the female employment rate varied widely across Europe from 71.65 per cent in Denmark to 37.3 per cent in Spain. Ireland, with a 1999 female employment rate of 51.54 per cent, ranked 10th in the EU and was close to the EU average of 52.6 per cent (EU Labour Force Survey 1999, Eurostat 2000). From an economic and competitiveness perspective, it is worth noting that US female participation rates are 67 per cent. Overall percentages mask considerable age differentiation - Ireland rates sixth in the EU for participation rates of younger women. The NESF concluded that there was potential to expand the workforce by increasing employment participation particularly among middle-age and older women and also noted that specific tax and/or welfare provisions may reinforce the lower participation rates of prime age and older women.

This increased labour market participation means that more women are paying PRSI and building up social insurance contributions. If women are to extract full value from these contributions, however, the social insurance system must reflect more accurately the life contingencies that effectively interrupt a woman's labour market participation at key stages in her life cycle.

**Figure 2:  
WOMEN'S PARTICIPATION BY BIRTH COHORT**

**Table A.3**

**Percentage Labour Force Participation Rates for Women, by Birth Cohort**

(Reading across the table shows participation rates by the same cohort at successive ages.

Reading down shows how participation rates at a given age range have changed for successive cohorts)

Born in/age	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74
1887-91											15.0
1892-6										18.9	13.0
1897-1901									22.1	17.2	10.9
1902-6					20.3			23.0	21.2	15.9	
1907-11				22.1			22.0	22.4	20.7	10.4	4.8
1912-16			26.8			20.1	20.8	21.8	18.4	8.2	3.5
1917-22		41.7			19.2	19.7	21.5	21.1	17.3	6.4	3.6
1922-27	60.8			19.1	17.9	20.1	23.0	21.5	16.5	6.6	
1927-31			24.0	19.0	19.3	22.6	23.7	21.8	16.2		
1932-36		38.7	22.2	18.9	22.1	24.4	25.2	24.5	15.9		
1937-41	67.2	35.6	21.6	18.5	24.1	26.6	29.8	27.9	19.9		
1942-46	66.8	34.7	23.7	22.9	26.2	33.2	35.8	34.9			
1947-51	65.5	38.4	26.8	27.4	35.1	41.2	47.0				
1952-56	69.0	45.4	37.3	41.1	47.1	58.3					
1957-61	70.9	59.0	53.3	53.9	63.4						
1962-66	76.7	71.1	61.9	64.5							
1967-71	75.6	76.2	70.1								
1972-76	66.9	80.3									
1977-81	60.9										

Sources: Censuses 1961-96, Labour Force Survey 1975, QNHS 2001; all principal economic status

**2.3 MANY WOMEN ACTIVELY CHOOSE PART-TIME WORK**

Figure 1 above and figure 4 below illustrates that a substantial number of women are in part-time employment. The band, "in employment, part-time, not underemployed" illustrates the category of voluntary part-time labour market participation. This characterises a significant percentage of female labour market participation and differentiates male and female employment patterns. Quarterly National Household Survey (QNHS) figures show that 28 per cent of those in the labour force are in part-time employment, with women accounting for over 80 per cent of part-time workers. Most part-time employed females do not describe themselves as underemployed. One-third of unemployed females state that they are seeking part-time work. In general, the reason that women choose part-time employment is because of their caring responsibilities, especially in a context where childcare remains both expensive and scarce.

Part-time work is closely correlated with the age of school-going children (rather than young babies). Women have different work patterns to men. Consequently, a social welfare system that cannot accommodate part-time work-life patterns clearly cannot accommodate all women. This is important in the context of labour market policy. Women with older children are more likely to enter or re-enter the workforce when they can work part time. Providing greater recognition of part-time work in the social welfare system, therefore, is likely to attract more women into the labour force, a key requirement for international competitiveness.

**Figure 3:  
BREAKDOWN OF LABOUR MARKET PARTICIPATION  
OF WOMEN AND MEN**

Employment Status	Men	Women
In full time employment	84.7	64.7
In part-time employment but not underemployed	6.6	27.2
In part-time employment but underemployed	0.6	0.7
Unemployed and seeking full time employment	7.7	4.6
Unemployed and seeking part-time employment	0.3	2.8
	100	100

Source CSO, QNHS in Women's Access to the Labour Market (DSCFA 2001)

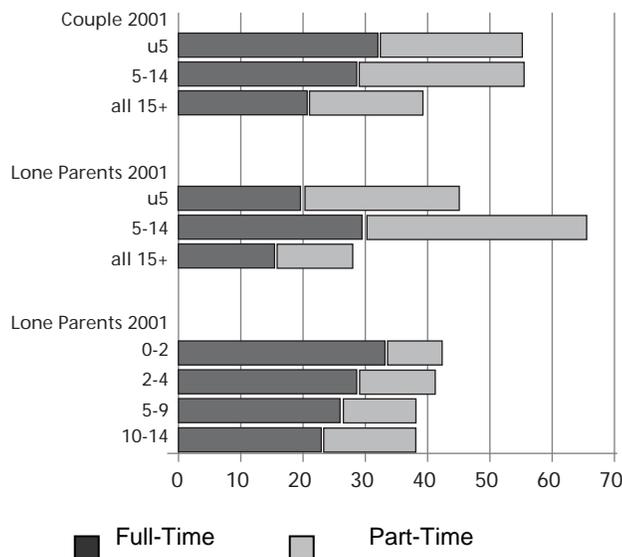
## 2.4 TRENDS IN PARTICIPATION ARE CLOSELY RELATED TO AGE AND NEEDS OF CHILDREN

Women's participation in the labour market is complex and closely related to age of children and related childcare needs but not necessarily correlated with children's youngest stages. There are more women in full-time work when the child is aged one-two years than two-four years. This is likely to be due to a combination of births of second children and the childcare needs of the first child becoming more complex. There is also evidence of a trend in part-time work when

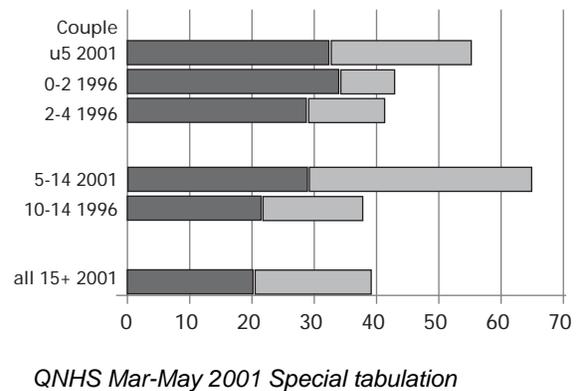
children become teenagers. The life choices of women vary over the life cycle of their parenting. Women are likely to move from full-time care of young children in their home to some form of labour market participation and then to part-time or full-time work. The pace of movement will differ depending on various factors such as number of children, age of children, spaces between children, availability of part-time and full-time jobs and other labour market opportunities and availability of quality and affordable childcare. The social welfare system has to reflect this "non typical" flexible and adaptable pattern of labour market activity.

**Figure 4:**  
PARTICIPATION BY AGE OF CHILDREN

Participation Rates of Women, 2001 and 1996  
by Age of Youngest Child



Participation Rates of Women, 2001 and 1996  
compared by Age of Youngest Child



**Figure 5:**  
EXIT RATES FROM LABOUR FORCE OF WOMEN

Percentage five-year exit rates from labour force of women employed in previous period (Minus indicates exit)

Exit years/exit age	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74
1961-66	-47.0	-42.6	-20.8	-6.3	2.6	3.5	1.8	-7.8	-22.2	-31.2
1966-71	-48.1	-39.3	-14.9	1.6	12.3	9.1	4.8	-7.6	-25.0	-36.6
1971-75	-51.7	-39.6	-17.9	21.2	21.4	18.0	-2.3	-19.5	-62.2	n.a.
1975-81	-28.5	-25.2	-2.8	25.2	8.7	4.1	-5.4	-15.0	-46.2	-44.9
1981-86	-16.8	-17.8	2.2	14.4	10.4	3.3	-8.0	-23.3	-63.0	-57.3
1986-91	-7.3	-9.7	10.2	28.1	26.7	12.0	-2.8	-25.7	-60.0	-43.8
1991-96	0.8	-12.9	1.1	14.6	17.4	7.8	-6.4	-35.1	n.a.	n.a.
1996-2001	20.0	-8.0	4.2	17.6	23.8	14.1	-2.5	-28.6	n.a.	n.a.

Note: The figures for 1971-75, and 1975-81 have been rescaled to their five-year equivalents

## **2.5 WOMEN RETURNERS DEMONSTRATE CONSIDERABLE LABOUR MARKET ACTIVITY**

Recent research (ESRI, 2002) reviewed the experience of Irish women in "home duties" and confirms both active and passive labour market interest. In 2000 the QNHS recorded 531,000 women officially designated as on home duties in Ireland. The number of women recording themselves as on home duties dropped by 50,000 over the period 1994-2000. This reflected a drop from 43.3 per cent in home duties in 1994 to 34.8 per cent in 2000.

This may be an overestimate as many women define themselves in home duties when marginal attachment may be a more accurate reflection of their labour force status. The ESRI found that a number in home duties wished to return to some type of paid employment and / or to engage in some form of education, training or labour market activity. Indeed, it is striking that in undertaking the research, the ESRI found it difficult to source women who had absolutely no attachment to the labour force. This led the researchers to conclude "there is evidence that women returners are often reluctant to declare that they are searching for employment but may nevertheless seize an opportunity when it is offered to them".

Women returners expressed a preference for part-time work in order to combine caring responsibilities with paid employment. Part-time work was the return route for 71 per cent of women returners and many cited that flexible hours was the most important criterion determining their job choices. In reality, many women traded flexible hours against pay and most ended up in low-paid jobs and lower status jobs than their previous employment.

Up to 90 per cent of women in the home have previous labour market experience. The length of time women are spending outside of the labour force is now declining. This is important, given the finding that the longer a woman spends out of the workforce, the weaker her chances of making a successful transition to paid employment. This also means that most women have already, or will have, an increasing link to the social insurance system.

## **2.6 ACCESS TO THE SOCIAL WELFARE SYSTEM MAY CORRELATE WITH LABOUR MARKET ACTIVITY**

The ESRI (2002) found that attachment to the social welfare system appeared to be a strong influence in labour market participation. Almost 73 per cent of the women returners identified as "active in the labour market" were either directly or indirectly attached to the social welfare system and had access to a number of labour market supports. It follows that increasing the number of women with independent entitlement to the labour market may also directly and indirectly increase labour force participation of these women, either directly because they are obliged to work or have access to labour market supports or indirectly because they are exposed to information and may see themselves differently.

The same study (ESRI, 2002) concluded that almost 70 per cent of the broader number of women returners in their study had no direct attachment to the social welfare system. The remaining 30 per cent were recipients of unemployment, disability, survivor's and one-parent family payments. The type of payment influenced the likelihood of women seeking work as some payments require job search activity or act as a gateway to education, training and labour market programmes. Of those 70 per cent of women not directly attached to the social welfare system, up to a quarter of the women had a partner "not at work". A significant percentage of these may have been qualified adults; for example their partner or spouse was receiving a social welfare payment. The woman as a qualified adult on her partner's claim may have had access to labour market supports. Making her attachment to the social welfare and labour market system more visible may well increase her likelihood of returning to work.

## **2.7 WOMEN'S LABOUR MARKET EXPERIENCE - A CONTINUUM OF ACTIVITY**

It is clear that women's labour market activity is a continuum of activity (ESRI, 2002). There is often gradual transition from no desire to participate in paid employment to full time work. Women can move from full time care to combine part-time care/part-time work, and then move to full time work. In reality, women travel backwards and forwards along this continuum. This flexibility and adaptability should be regarded as a key asset in competitiveness and should be facilitated and encouraged. "The primacy of the labour market is the hall mark of liberal policy regimes but reliance on the labour market for survival does not take place independent of relations of caring and dependence within households." (O'Connor, 1999).

## **2.8 CONCLUSION**

This increased participation of women in the labour market has made a significant contribution to the economic growth that Ireland has experienced. Current policy is to increase the numbers of women returners re-entering the labour market and FÁS has recently launched its Expanding the Workforce Initiative, a pilot programme for women returners. The National Economic and Social Council (2002) and the annual National Employment Action Plan<sup>1</sup> (2002) are clear that economic growth requires policies that achieve maximum efficiency in the labour market and that increase women's participation in the labour market. This goal is reflected in both Irish and EU employment policy as outlined in NEAP 2002 which sets a target of 60% for women's employment rate. This means that the social welfare system, if it is to best enable women's participation, should reflect the reality of women's labour market participation in the social welfare and labour market infrastructure. The following are important realities and desired features:

- When women are independent players in the social welfare system they are more likely to view themselves as potential labour market participants;

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<sup>1</sup>The National Employment Action Plan is an annual process, whereby under the European Union employment guidelines for open co-ordination of employment policy, the Department of Enterprise, Trade and Employment co-ordinate an annual report to the European Union.

- The need to accommodate the right to a paid period of parental leave in both social insurance and social assistance schemes;
- Maximising capacity of both parents to use parental leave, for example enabling paid parental leave to be used over a longer period;
- Extension of maternity and parental leave to best practice in Europe, for example to an equivalence with Norway and Sweden who grant a year's paid leave after birth;
- Statutory recognition of parents' right to work part-time. Part-time work needs to be better accommodated as a clear feature of women's participation in the labour market;
- Resolution of the many anomalies and obstacles related to accommodation of atypical work in the social welfare system;
- Increased access to pension eligibility for women, so that women have greater incentive and reward from returning to work and can extract due credit for previous labour market participation;
- Increased length of paid maternity and adoptive leave.

Any model being developed must accommodate the reality of women on a transition from care to labour market participation, often in a part-time capacity.

# CHAPTER 3: THE IRISH SOCIAL WELFARE SYSTEM

## 3.1 The welfare state

While many definitions of the welfare state exist, the term is generally used to refer to the public mechanisms of support (in cash, in kind, or through public services) against a catalogue of social risks including old-age, death of a supporting partner, invalidity, sickness, maternity, unemployment (Ferrera, 1997). The structure of income support and the related social welfare system in any country reflects the dominant political ideology at its time of formation and the ideologies that have influenced subsequent reform and development. Redistribution, particularly over the life cycle, is the dominant function of the welfare state.

Welfare states differ in the degree to which they intervene, redistribute, cost and require high or low levels of taxation. Social welfare systems differ in the degree to which they rely on different payment systems to deliver payments or transfers to people. The main categories of Irish transfers (outlined below) are: insurance, assistance and universal. Before describing these, it is worth locating the Irish social welfare model in an international context.

## 3.2 SOCIAL WELFARE AND LABOUR MARKET CONDITIONALITY

Social welfare systems differ to the degree to which the conditions attached to payment require labour market participation (also known as labour market conditionality). Ireland has been classified as average in relation to the degree of labour market conditionality it requires of welfare recipients (Esping-Andersen, 1990). This is increasing over time as “welfare to work” strategies become more dominant, reflecting the ideology that a job is the best route out of poverty. The focus on a requirement of labour market attachment is a key consideration in the degree to which a social welfare system includes women. For example, if qualification for an unemployment payment requires a person to prove availability for full-time work (as is the case in Ireland), it will be harder for women with care responsibilities to prove full-time eligibility. In practice, some women are denied an unemployment payment because they are not available for full-time work although they are available for, willing to undertake, and are actually seeking part-time work.

Different welfare regimes require different levels of proof about the degree to which a person is genuinely and actively seeking work. In the Irish context, for example, a person has to prove that she has immediate provision of childcare in the event of a job offer. This is likely to deter more women than men from seeking unemployment payments. There is anecdotal evidence to suggest that more women than men are asked to prove child-minding arrangements.

## 3.3 A Gender Perspective of Social Welfare Systems

Welfare systems also differ according to whether they focus on the family or the individual as a basis for assessing and paying income support. A useful theoretical model through which to understand the welfare system is the male breadwinner model (Lewis, 1993). This model is based on the premise that the social welfare system is built on the tradition of the male as family breadwinner and the female as carer or homemaker. The model suggests that states built their wages' policy, tax and welfare systems around a prototype family of a fully employed male earning a family wage and supporting a dependent spouse and children in a lifelong stable marriage.<sup>2</sup>

The male breadwinner model in social welfare means that traditionally women have had derived rights through their husbands' social insurance records. This extends to women being defined and named in relation to their husbands even when the husband is not present, for instance prisoners' wives allowances and deserted wives' benefit, widows' payments. Where women do have individual rights to social welfare, it is often in the context of their role as carers or mothers such as, for example the one-parent allowance payment. These carers' payments are still within the context of a male breadwinner model of social welfare regime where the woman is defined in terms of the status of her relationship with her husband. In such a model there are three types of payment:

- Direct rights acquired by an individual on the basis of residency and satisfying some type of contingency;
- Direct rights acquired by individuals on the basis of contributions and satisfying some type of contingency for which they have paid into the social security system;
- Derived rights acquired by individuals on the basis of their relationship to someone who has acquired direct rights and when they satisfy some type of contingency.

<sup>2</sup> It is worth noting that the concept of the male breadwinner was explicitly acknowledged in higher rates of pay for men than women doing the same jobs. This male breadwinner wages' policy was eradicated in the Equal Pay legislation (1977). This effectively ended and made illegal the notion that men deserved or needed higher wages because they were the breadwinners. The legislation affirmed individual rights to equal pay for women and men. While a gender pay gap still exists, it is not there primarily because men are considered breadwinners rather because of women's shorter time in the labour market, job segregation and the glass ceiling.

### 3.3.1 A Breadwinner Model

Several different models of reform can be isolated from the experience of recent international reform. Different states are moving farther away from the breadwinner model than others. Lewis (1993) distinguishes policies that promote women as workers and those that promote women as mothers/carers.

**Figure 9:  
INTERNATIONAL COMPARISONS OF WELFARE MODELS**

Male Breadwinner Emphasis	Weak	Modified	Strong
Country	Sweden	France	Ireland, UK, Germany
Labour market participation	High	Medium	Low
Social welfare	Individualised tax & social welfare	Child-focused redistribution	Family-based tax and social welfare
Childcare	Strong intervention parental leave	Strong intervention & mothers' employment rights	Undeveloped care & infrastructure and limited maternity leave
Ethos for women	Labour market	Neutral	Homemakers

Tamara (1996) makes the point that the extent to which the male breadwinner model dominates will be an important factor in delivering reform. Reform can seek to move away from the male breadwinner model towards a model that sees income generation as a more gender-neutral concept and places more emphasis on women as workers. Reform can stay within a male breadwinner model and place a larger emphasis on recognition and facilitation of the care role. Alternatively, reform can try to accommodate a pro-woman model of care and work, where a balance is struck between enabling the reality of care and equality of participation in paid employment for women and men.

## 3.4 OVERVIEW OF IRISH SOCIAL WELFARE SYSTEM

### 3.4.1 Social Insurance

A key element of social insurance is the principle that the individual, by making contributions, is building up a set of entitlements to benefits. This is the "contributory" principle which establishes a linkage between raising revenue (contributions) and expenditure (benefits). Entitlement to social insurance benefit is based on a record of social insurance contributions and depends on the occurrence of certain contingencies related to loss of employment, for example unemployment, disability, old-age. Contributions are made to the social insurance fund from gross earnings of employees and self-employed people and employers. Once contribution conditions are satisfied, all claimants, regardless of marital status, household situation or means, receive the payment. Payments are normally flat rate, with additions paid for adult and child dependants.

When a prescribed contingency occurs, the social insurance system gives benefits as of right, based on a record of social insurance contributions. Initiatives in recent years have resulted in the extension of the social insurance system to

groups not previously covered: the self-employed (1988), part-time workers (1991), homemakers (1994), civil servants (1995) and carers (2000). The employment-related nature of the social insurance system, however, necessarily discriminates against those who do not or cannot participate in waged labour, or participate only intermittently. The main gaps in coverage, identified by the Department of Social Welfare in 1996, were people working full time as homemakers, relatives assisting and atypical workers.

### 3.4.2 Social Assistance

Social assistance payments, on the other hand, are based on need as established by a household means test and designed for those who fail to satisfy the contributory conditions governing social insurance payments. The level of assistance payable is affected by the claimant's household situation. The full rate is paid where there is no other assessable income in the household (subject to rules governing disregarded income), and assistance is reduced according to income received. As with social insurance benefits, payments are only made when certain contingencies can be proved, such as unemployment, old-age, or illness. While these originally tended to be related to loss of employment, other contingencies now included are persons parenting alone and those caring for an incapacitated person. As is the case with social insurance benefits, payments are flat rate with allowances for dependants (adult and children). There is a residual social assistance payment, supplementary welfare allowance, payable to persons whose means are insufficient to meet their needs. There are also means-tested secondary benefits in areas of health (medical card) and housing (rent and mortgage allowance). There is also an in-work payment known as family income supplement, which is payable to families whose income falls below certain income limits.

### 3.4.3 Universal Payments

Accompanying these social insurance and social assistance payments is the universal child support payment, child benefit. This is payable to all families with dependent children regardless of contribution record or household income. There are a range of non-cash universal benefits such as the medical card, free electricity and free travel which are administered on the basis of old-age and/or living alone.

**Figure 10:**  
**SOCIAL INSURANCE AND SOCIAL ASSISTANCE DISAGGREGATED BY GENDER**

	Social Insurance	Social Insurance	Social Assistance	Social Assistance	Total	Total
<b>Male</b>	219,358	46.2%	196,820	45.9%	416,178	46.1%
<b>Female</b>	255,083	53.8%	232,114	54.1%	487,197	53.9%

While women appear to be the majority of claimants, there is clear gender differentiation in payment type (see figure 11). It is worth noting that there is no data to analyse the gender distribution of income. So we cannot assume that, because women make up the majority of claims, they get the majority of expenditure. Approximately 125,000 of the male claimants will include claims involving qualified adults so, on average, the male claim will involve higher expenditure per claim.

**Figure 11:**  
**INDIVIDUAL PAYMENTS DISAGGREGATED BY GENDER**

Payment	Number of men	Number of women	No. of qualified adult allowances
Old-age pension	60,477	34,394	23,329
Retirement pension	58,971	21,355	24,142
Non-contributory old-age pension	37,826	51,235	4,449
Pre-retirement allowance	9,521	2,286	4,372
Widow's contributory pension	10,095	91,172	–
Widow's non-contributory pension	223	16,588	–
One-parent payment	1,959	75,183	–
Unemployment payment	80,737	45,710	7,810 (UB) 15,178 (UA)
Supplementary welfare allowance	17,822	11,345	6,785
Back-to-work allowance – enterprise	2,914	794	10,838
Back-to-work allowance – employment	21,868	6,615	1,595
Back-to-education allowance	2,127	1,974	295
Farm assist	7,806	574	4,093
Disability benefit	19,378	31,337	7,443
Invalidity pension	27,843	22,772	11,117
Carer's benefit	57	368	–
Carer's allowance	3,760	15,025	–
Blind pension	1,053	1,072	144
Disability allowance	34,458	23,197	4,732
Injury benefit	637	224	148
Interim disability benefit	333	116	57
Death benefit	4	672	–
Disablement benefit	9,289	1,941	227
<b>Total</b>	<b>409,158</b>	<b>455,949</b>	<b>126,754</b>

Source DSCFA (2001). Shaded rows indicate payments where more women receive the payment than men. This shows women are predominantly receiving caring payments in their own right.

### 3.5 IRISH PAYMENT STRUCTURE

While, on the surface, the impact of equality legislation means the structure of the social welfare system is essentially gender neutral, the legacy of the male breadwinner system and the culture of social welfare in Ireland mean the payment structures present practical problems for women who make up over 95 per cent of qualified adults.

#### 3.5.1 QUALIFIED ADULTS

The payment structure enables adult claimants to have financial responsibility for "dependants", both adults and children. An adult depending on a claimant is called a qualified adult (QA). The payment made to the claimant in respect of the qualified adult is called a qualified adult allowance (QAA).

A claimant is deemed eligible to claim for a qualified adult allowance if that adult has no social welfare payment in their own right and is earning less than €88.80 per week (2002) gross income from employment or elsewhere. A tapered reduced rate payment can be claimed when a qualified adult earns more than this amount (up to a maximum gross of €196.81 per week). A claimant who can claim a QA receives the adult rate (normally 0.7 of the adult rate in 2002 but higher for pensioners). The 2002 Programme for Government made the following commitment: "We will introduce a personal pension entitlement for pensioner spouses currently in receipt of the QAA set at the level of the full non-contributory pension". This is in effect a commitment to increase all pension QAAs to 100 per cent of the non-contributory old-age pension (NCOAP).

A spouse can apply to the Department of Social and Family Affairs to have this payment administered and paid directly to the qualified adult. This is done in 1,500 cases, usually as a response to problems about internal household distribution of income. There have been proposals to make division of the payment a feature of the social welfare payment system. This is called administrative individualisation. Even if Government were to decide to administratively individualise the payments, the payment would still be a derived right and the person now considered as a qualified adult would still not have an individual entitlement to income.<sup>3</sup>

#### 3.5.2 EQUIVALENT RATES

The Irish social welfare system is based on a principle of economies of scale where it is assumed that households will

have reduced living expenses on the basis of shared economies. This means that two adult households receive 1.7 times the personal rate with 1 being the adult rate and 0.7 being the qualified adult rate. The percentage of the adult rate paid for the qualified adult is called the equivalence rate. This rate is essentially an arbitrary political choice but is influenced by research on economies of scale in joint households. In the Review of the National Anti-Poverty Strategy (2002), it was agreed that the child equivalence scale should be 33-35 per cent of the lowest adult payment. The Programme for Prosperity and Fairness committed to increasing the QAA for non-pensions social welfare payments to 0.7. The 2002 Programme for Government committed to increasing old-age pensions QAAs to 100 per cent of equivalence of the NCOAP.

This concept is disputed in principle and in practice by Fitzgerald (1993) who has pointed to the practical issue determining whether economies of scale exist and the difficulty in determining what the economies are. She shows how economies are inconsistent across households. Rent, fuel and utility bills are the only areas in which economies of scale are likely to be achieved and these were already accounted for in fuel and housing allowances. Even if the principle of economies of scale was abolished and QAA equivalence were increased to 100 per cent, this would not fulfil the criteria of economic independence. The right to the income would still be held by the adult claimant and the qualified adult's right to a payment would still be derived from that of the adult claimant.

#### 3.5.3 LIMITATION RULE

In households where both adults have eligibility for a social assistance payment in their own right (for example both are unemployed) the total payment to the household is reduced to 1.7 times the rate of two adult payments. This is referred to as the limitation rule. In practice, the limitation rule means there is no direct financial incentive for both adults to prove eligibility for a payment. This limitation rule has led to a greater number of women being classed as adult dependants and not declaring their own specific eligibility for a social welfare payment. (This rule does not operate where both adults in the household are separately eligible for disability allowances or for old-age pensions, in which cases both adults will receive a full adult payment of the relevant payment.) The limitation rule also affects lone parents considering living with or marrying an unemployed man.<sup>4</sup> This rule is discussed further in chapters 5 and 6.

<sup>3</sup> The most recent forum of debate was the Programme for Prosperity and Fairness working group "to produce proposals to progress the implementation of administrative individualisation within the social welfare system" which finished its deliberation in February 2002 but has not yet published its findings. The group recommended that administrative individualisation should be proceeded with, but could not agree on whether this should be mandatory or voluntary and how the total payment should be split between the two adults. There was, however, consensus in the group that individualisation was best forwarded through the social insurance system. Responding to the report, then Minister Ahern stated that it was timely to consider whether the current title of qualified adult remained appropriate in the light of the trend towards greater individualisation. He highlighted a key priority to facilitate homemakers to qualify for pensions and to increase the QA in pension payments to the full old-age pension rate and in this way achieve a form of individualisation of pensions (DSFCA PR 10-02-2002). Since then, Ms. Mary Coughlan T.D., Minister for Social and Family Affairs, has clarified that from October 1st 2002, qualified spouses and partners of people entitled to a retirement or an old-age (contributory) pension from the Department of Social and Family Affairs, will be given a choice of having their part of the payment paid directly to them. The new facility would be offered to new claimants of contributory old-age and retirement pensions from October 1st next and would be extended over time. "This is the way ahead for the administration of payments by my Department. It is important that we offer our customers this option. It gives the choice of payment option which suits them best," the Minister said.

<sup>4</sup> The structure of qualified adult payment is recognised as a potential poverty trap for lone parents, of whom there were 73,282 in 2001 receiving one-parent allowance (over 80 per cent of them were women.) Lone parents moving into a cohabiting relationship with an unemployed or otherwise social welfare dependent man would have to lose financial independence and suffer a financial loss by seeing income total for the couple fall from 2 to 1.7 (with an additional small loss for the child dependant allowance payment) (NESF, 2001; DSCFA, 2000).

### 3.5.4 Means Testing of Spouses' Earnings

An unemployed person married to or living with an employed person can apply for unemployment assistance. They will be subject to a household means test or they will receive unemployment benefit (subject to them having the appropriate paid and credited contributions). In the following example we assume Mary is married to Declan and Declan is earning €350 net per week. They have two children, Emer and Dan, both under 18 and dependent on the family.

Declan's net wages	€350
Less income disregard	€88.88
Assessable income	€261.12
50 per cent assessable income	€130.56

This €130.56 is taken from Mary's potential social assistance payment of €135.60 (made up of the personal rate of €118.80 and half child dependant allowance rates of €8.40 x 2). Mary would receive a social assistance payment of €5.04 per week.

The household means test results in a person (with no dependent children) with a spouse or partner earning over €252.68 gross per week receiving no unemployment assistance<sup>5</sup>. If the woman is entitled even to nominal unemployment assistance, she will be eligible for participation in all labour market measures that have live register eligibility requirements. If she does not receive a financial payment she can, if eligible, sign on for credits. Since a joint Irish National Organisation of the Unemployed/NWCI Breaking the Barriers campaign in 1998 awareness-raising initiatives have been undertaken to inform women of their right to sign on "in their own right". It is likely, however, that there is still a relatively low level of awareness and a related low take-up by women who may be eligible to "sign-on".

### 3.5.5 Means Testing the Qualified Adult's Income from Part-Time Earnings

The following means test is a useful illustration of the complexity of the social welfare system from the perspective of low-income women who are qualified adults.

**Figure 12:  
MEANS TESTING OF QUALIFIED ADULT'S EARNINGS**

Liz is married to Tom and they have two children. She works three days per week for €153.84 gross.

Tom's full rate unemployment assistance is €231.20 (made up of one adult rate at €118.80, one qualified adult rate at €78.80 and two child dependant payments of €33.60). Tom's UA is reduced by €100.60 (due to the various means tests for Liz's earnings) to €131.10.

The family are €53.24 better off from Liz's work. Three different means tests have been applied to Liz's earnings. It is worth noting that the household income will be further reduced when the local authority differential rent means test is applied. Secondary benefits such as the fuel allowance, the medical card and back-to school footwear and clothing allowances may also be affected.

#### 1. Child Dependant Allowance (CDA) Means Test

Budget 2000 changes mean that since April 2000 the full rate of child dependant allowance can be retained until the qualified adult's earnings are more than €196.81 gross. In this instance, Tom will retain the full rate of child dependant allowances.

#### 2. Tapered Qualified Adult Means Test

Since April 2000, the new definition of qualified adult is €88.88 gross per week (previously £60 gross) for all means-tested and benefit-based payments. Loss of this qualified adult payment is tapered up to €196.81 per week gross.

Liz's qualified adult payment is reduced through this means test from the full rate of €78.80 to €33.20. Tom's UA is reduced by the difference (€45.60) to €186.60.

#### 3. Means Test of Earnings Against Total Social Welfare Payment

Liz is allowed an income disregard against her earnings before her earnings are taken into account in the household means test that determines Tom's unemployment payment. She works 24 hours and is allowed a three-day income disregard of €38.09 and an additional €6.35 travel expenses disregard. Her remaining earnings are withdrawn at a rate of 50 cents in the euro from the claimant's unemployment assistance.

Net earnings	€153.84
Minus (income and travel disregard)	€44.44
	€109.40
Earnings assessed at 50 per cent	€54.70

Tom's new UA (€231.20 - €45.60) €186.60 is further reduced by €54.70 to a total UA of €131.10

<sup>5</sup> The example given is of a woman with no dependent children. If a woman has dependent children the amount of earnings a spouse can earn before the woman has no entitlement to a UA payment will increase by €16.76 per dependent child.

### 3.5.6 Conclusion

The previous chapter reflected on the need to modernise the Irish social welfare system from the perspective of maximising women's participation in the labour market and argued that features of women's labour market participation need to be reflected more comprehensively in social welfare, labour market and employment policy and practice.

This chapter's focus on the design of the social welfare system illustrates how the design and interaction of the different earnings means tests can increase the likelihood of poverty and inequality. This is especially problematic from the perspective of the qualified adult. Women and men report that the impact and interaction between all these household means tests are not fully understood by welfare claimants making labour market and family formation decisions. This can cause household tensions (NESF, 2001; SIPTU, 2000).

There are also inequities in the way earned income is assessed within the household and across different households. There are different types and levels of income disregards for qualified adults, main claimants, lone parents and people with disabilities. For comparison purposes a lone parent is allowed to disregard €7,618.43 per year or €146.51 per week before earnings affect the social welfare payment total. This raises larger gender and horizontal equality issues (NESF, 2001). It is also worth noting that there are inconsistencies in the type of income disregards that operate in the tax system which are generally more generous. A woman with the home carer tax credit is allowed to disregard the first €5,000 earned income before the tax credit is affected.

The four features of the payment structure discussed above are features resulting from a family-based system using household means-testing. While gender neutral in theory, in practice they have a negative impact on more women than men. There are one quarter of a million women (127,000 qualified adults, 80,000 lone parents and up to 50,000 in employed low-income families) who can, in theory, be affected. These are the fault lines of the male breadwinner system of household means-testing.

Rottmann (1994) concluded that separate incomes for wives were important for their own well-being and that of their children. Women's earnings or income directly received give women greater control over how that money is used. Rottmann (1994) concluded that the presence of gender inequality was not in dispute: "it is manifest in the division between husbands and wives, of spending responsibilities, the power to make major financial decisions and in the various measures of access to leisure and personal spending." Rottmann concluded that the research had implications for the payment of social welfare benefits as direct payments in a married woman's own right rather than as a dependant of their husband.

This would suggest a need for a model of social welfare reform that promotes economic independence of women within the social welfare code and that enables individual (non derived) rights to social welfare. A rights approach recognises that economic independence within the family is an essential precursor to realising full citizenship rights for

women in society. This definition reflects the work of Lister, Ingram and Goodwin and their emphasis on personal freedom and independence as a fundamental principle underpinning a rights approach to equality: "the right to self ownership as a precursor to citizenship and realisation of civil, political, cultural, social and economic rights."

# CHAPTER 4: RATIONALES FOR REFORM

## 4.1 THE CASE FOR MODERNISATION OF THE SOCIAL WELFARE SYSTEM

The two greatest general policy drivers for reform towards individual entitlement are gender equality (economic independence) and the interest, from a competitiveness and economic growth perspective, in increasing women's participation in the labour market. There are also drivers, however, in the wider context such as enhancing work-life balance and prevention of adult and child poverty.

These include:

- The need for measures that reconcile work and family life and that offer opportunities to develop the role of fathers in family life and allow parents to rebalance care responsibilities as they choose;
- The need for measures that promote equality across the nine grounds of the equality legislation and between different and diverse groups of women, for example promoting access to social insurance;
- The need for reduction of the higher risk of poverty faced by women and children. Poverty can be reduced both by enabling greater labour market participation and by redistributing income across the life cycle, particularly to people at key stages of care provision;
- The need for reform to reduce the effective marginal tax rate on women and so stimulate the opportunities for women to engage in employment;
- The need to narrow the gender pay gap and to increase choices and opportunities for women to work part-time, for example or reconcile work and family life;
- The need to simplify the route from welfare to work;
- The need to further the aim of the Strategic Management Initiative to achieve greater policy coherence, simplicity and consistency and accommodation of equality and diversity;
- The need to institute reform to develop the capacity to respond to new and different models of the family. This is important in a society with increasing levels not only of marriage breakdown and divorce, but also of cohabitation. Reform can diminish and eradicate different and unequal responses to different household types with similar needs;
- The need to acknowledge the value of care in the context of economic and social development and to recognise the contribution women make to care. A reform of social welfare towards an independent entitlement offers the potential to give more formal recognition of the financial and social value of child and elder care.

## 4.2 INTERNATIONAL POLICY INFLUENCE ON DEMAND FOR MODERNISATION

### 4.2.1 European Union Policy

Mangan (2001) makes the point that, where reform has been instituted, it has followed legal challenges and EU-imposed requirements in relation to equality. The original market model of the EU may have pushed that reform in an economic or labour market direction. Alternative models of reform could have been more social policy orientated such as for example a citizenship model (Fitzpatrick, 1996). Nonetheless it is well recognized that the EU has played and continues to play a crucial role in driving change (Conroy, 2000).

The EU dimension to social welfare reform is important. The EU White Paper on Growth and Competitiveness, commonly known as the Delors White Paper (1995), aimed to "eliminate any potentially discriminatory fiscal and social protection policies which can discourage women's equal participation in the formal labour market". The Fourth EU Programme for Action focused on "proceeding with individualisation of rights in social security and tax so as to reduce discrimination in the employment market and ensure women's independence".

Council decision 22.12.95 OJ L 3 35 30-12-95 committed Ireland to the process of individualising rights and the promotion of greater gender equality between women and men in the economy between 1996 and 2000. Similarly, Article 13 of the 1997 Treaty of Amsterdam promoted non-discrimination on gender grounds and is currently being implemented by way of revision of the EU Equality Directive (Harvey, 2002). The annual process of the National Employment Action Plan and the bi-annual process of ENAPS (the EU open co-ordination of social inclusion strategies) also require a focus and action on reform of tax and social welfare systems to promote access to employment and gender equality.

### 4.2.2 International Policy

In the UN context, the UN Convention on the Elimination of Discrimination Against Women affirms the importance of economic independence and independent income for women. The Beijing Platform for Action (1995) committed governments to advance the economic independence of women. The Beijing process has directly fed into the National Plan for Women. In an advisory report for the plan, Galligan (2001) proposed two indicators that would imply progress through greater reform of social welfare: (i) the proportion of women and men without an independent income (ii) the distribution of income within households.

The International Labour Organisation has targeted 2002 for a review of its anti-discrimination framework. The OECD has also urged greater tax and welfare reform to support women's participation in the labour force (OECD, 2001).

#### **4.3 THE RATIONALE FOR A SOCIAL WELFARE REFORM MODEL**

This reform agenda has, as its aim, to bring about modernisation and reform of social welfare to reflect the needs of women. The model respects women's choices and acknowledges the considerable change in what women want and need. The model aims to facilitate the flexibility that women need and to accommodate and value appropriately labour market participation and care roles.

The model assumes that most adults have, want to have or should have a relationship with the labour market.

A reform model should enable and facilitate women's (and men's) participation in the labour market for a substantial proportion of their adult lives. Importantly it is not only the tax and welfare systems that need reform but the labour market itself needs to be flexible enough to reconcile a real work/life balance. The model should facilitate care and encourage equal sharing of caring work between women and men.

The model accepts that labour market participation is the primary route towards gender equality in economic terms. The social welfare system and especially the social insurance scheme is built on the concept of income replacement at key times in life when an adult cannot supply his or her own earned income. While promoting choice, it is not possible to expect a social welfare system to facilitate economic independence for specific people for long periods of time. Rather, it is distribution over the life cycle that is required. The task is to reform social welfare so that it is capable of distributing economic independence to women and men at key life-stages when they most need it.

The challenge for a reform model is to strike the balance between accommodation of, and respect for, care with promotion of labour market equality in the context of high employment levels for both women and men. The challenge is to use the social welfare system actively for women.

The reasons for this necessary balance are the following:

- High levels of employment are required to sustain and strengthen social insurance systems;
- The National Anti-Poverty Strategy establishes the importance of paid employment as a primary route out of poverty;
- It is through paid employment that most social insurance contributions are paid and the social insurance system validated;
- It is through paid employment that most income is earned;
- It is through paid employment that occupational pensions are ensured. These will be increasingly important elements of total pension income;

- It is well established that the main cause of the gender pay gap is the shorter number of years that women spend in the labour force with women on average having a 15-year shorter labour market participation span than men and with women's employment segregated in the lower paid sectors of the economy (ESRI, 2002).

#### **4.4 PRINCIPLES OF BROAD SOCIAL WELFARE REFORM**

A reform model that respects and facilitates women as workers and carers requires two key features. These are developed in the proposals for social insurance and social assistance (see chapter 5).

- No reform can be complete without the development of a care contingency that enables women to have coverage and maintain contribution records at key stages of care. Facilitating care should not be disproportionate and should not lock women into long-term patterns of caring (McLaughlin, 2001). This requires the State to invest in a child and elder care infrastructure.
- Gender income inequality is primarily a function of labour market income inequality. Equality can only be achieved in the context of a social welfare system that enables and encourages women's participation in the labour market for a considerable period of their adult lives. The balance between care and work requires flexibility. Part-time models of income support are crucial.

In developing a model of reform based on these principles, the research has drawn from the following reform proposals (these are outlined in Appendix 2):

- British reform proposals from the Commission on Social Justice (1994) and from the TUC (2001);
- Elements of the recent Australian reform programme (1999);
- Homemaker Responsibility Allowance as proposed by McCashin (1997);
- NESF Lone Parents Report No 20 (2001);
- Commission on the Family (1998).

#### **4.5 MODELS OF REFORM: MODERNISATION OF THE SOCIAL WELFARE SYSTEM**

The issue of modernisation of the social welfare system raises the question of the most appropriate vehicle for change. The reform debate refers not only to social welfare (insurance and assistance) but also to child income support, secondary benefits and all aspects of personal taxation. It is not intended to review tax, child income support or secondary benefits from the perspective of reform in this report, but it is well recognised that these are crucial and interdependent parts of a larger reform model.

Universal adult payments have been proposed as a model for individualisation of social welfare. The most limitless form of universal payment is a basic income approach which has been forwarded as one that will, among other things, achieve gender equality in the social welfare system. While the ideas and intent behind basic income may have merit, it is not advanced in this research as a useful model for the purposes of gender-focused reform of the social welfare system. The high tax rates required to fund a universal adult approach mean that it will be unaffordable, impractical and politically not feasible. Such tax rates will also have uncertain labour market implications and may cause work disincentives and increased participation in the informal economy (McLaughlin, 1997; Bond, 1996; Department of an Taoiseach, 2001; Partnership 2000 Basic Income Working Group Report).

Social assistance means testing is seen to cause stigma, work disincentives and dependency. Such means-tested systems are best kept as residual features of the social welfare system (NESC, 2002). While there is a clear need for continuing reform of social assistance (NESF, 2001), this reform is in the context of ensuring that as many people as possible are covered through the social insurance system (NESC, 2002).

There is wide support for enhanced and reformed social insurance structures (see Appendix 2 for a review of recent debates about broad welfare reform). Both NESC (1999), NESC (2002), and the Programme for Prosperity and Fairness (2000) endorsed enhancement of the social insurance scheme. This approach has been supported by gender equality academics. McLaughlin (1997) states that: "it will be clear that my own view is that careful extension and expansion of the social insurance system offers the most feasible route to individualisation over the next 20 years." It also has the support of Government whose reform agenda was elaborated by the then Minister, Mr Dermot Ahern TD, in a speech (September 2001) where he broadly supported reform with two objectives:

- improving the financial position of women;
- enhancing the possibility for women to achieve economic independence, either through independent payments or through a more work/family-friendly society.

The Programme for Prosperity and Fairness made a commitment to the establishment of a working group to "produce proposals for the development of a fully inclusive social insurance model which would facilitate combining work and family responsibilities in the context of changing working and social patterns". This group was established in March 2002 and has yet to reach conclusions.

#### **4.6 A FEMINIST REFLECTION ON THE SOCIAL WELFARE REFORM DEBATE**

There is neither total consensus nor a sense of urgency about reform of the Irish social welfare system. In a review of the reform of Irish social security over the last 80 years, McLaughlin, Yeates and Kelly (2001) illustrate how women have often benefited least from reform. Reforms that on the surface appeared pro-gender equality, or at least pro-woman, often served to reinforce the system's male breadwinner structure. Yeates (1998) identified, for example, how the introduction of a carer's allowance has predominantly reinforced the role of the female carer. McCashin (1998) is highly critical of the Irish record of reform and states: "one thread runs through the pattern of policy change; changes that might benefit women were slowly or reluctantly or ungenerously implemented; on the other hand, changes that might benefit men were embraced with alarming alacrity." He deduces that, despite certain rhetoric, the Irish policy system has not fully accepted the need to reframe public policy to reflect the decline of the traditional, nuclear, male breadwinner model. Yeates (1997) identifies how the policy process in which the debate takes place is hindered not only by the absence of women's direct and equal participation, but also by what she describes as "the hidden structural forces in patriarchy that resist any fundamental changes that significantly alter the balance between women and men".

While social partners broadly support reform towards individual entitlement, there is not complete societal or political support for this direction (see Appendix 1 for a review of recent debates). Submissions to the Commission on the Family expressed concern that moving towards individualisation could be synonymous with materialistic individualism and lead to an erosion of family bonds. A small but significant minority of submissions to the National Plan for Women clearly objected to further economic independence for women. The reaction to Budget 2001 "individualisation" of the standard tax rate band was evidence, among other concerns about recognition of care work, of some support for a male breadwinner approach to income support.

Even where there is consensus about reform, it is less than clear how or when reform should be achieved. It is evident that there is no blueprint for reform. Despite consensus on administrative individualisation in NESC (1999) and NESF (2001), the process of debate in the Programme for Prosperity and Fairness Administrative Individualisation Working Group illustrated the different views of the various stakeholders and shows how commonality of language can disguise very different analyses and opinions.

#### **4.7 THE LANGUAGE OF REFORM**

The debate highlights the need for caution concerning the language used in articulating reform proposals. This research is focused on modernisation, enhancement and development of the social welfare system towards independent entitlement for all people. This does not mean unconditional support for "reform". The research recognises that some forms of reform or "individualisation" may not be pro-women. "Individualisation is not a strategy without potential hazards for women" (Sainsbury, 1996). Some reforms may lead to more onerous paid work obligations on poorer women

without corresponding improvements in women's access to improved levels of social care, such as happened in Britain with the imposition of work search obligations on qualified adults in job seeker benefit claims. As Yeates (1997) concludes: "A narrowly conceived individualisation strategy may lead to an intolerable strain on family life." Recognising the difficulty concerning terminology, the choice of language in this report has the objective of promoting modernisation, inclusivity and independent entitlement to income. What the language used intends to convey is a model of reform of social assistance and social insurance that will deliver anti-poverty and equality outcomes and that can reconcile the practical care and labour market realities and aspirations of women in Ireland in all their diversity.

#### **4.8 THE REFORM DEBATE: SOME CONCLUSIONS**

This debate is complex and even among reform supporters there are different emphases on the "labour market" and "care" balances. In practice, it is difficult to strike a balance between acknowledging the reality of care in women's lives without promoting care exclusively or, on the other hand, seeking equal participation in an unreformed labour market. The aim is to find the appropriate balance of parenting and labour market participation over a family life cycle.

McCashin (1997), for example, argues that a general objective of public policy should be to stimulate female labour force participation among those groups of women whose participation is currently low. He argues this should be an overriding objective regardless of parental or marital status. Without female labour force participation at the heart of the vision of a reformed social welfare system, we will not be able to move away from a male breadwinner model. He does, however, add the proviso that this is only valid in the context of adequate childcare provision.

Yeates, Mc Laughlin and Kelly (2001) argue that reforms which increase women's independent incomes from the tax-benefit system of social transfers should be prioritised over measures that would increase income through earnings. They argue that a priority on work-life balance means a focus on methods that can transfer high social protection to those engaged in social care.

Within this broad debate about reform, there is often a high level of ambiguity about a reform that supports women's participation in the labour market. In practice, there is a contradictory attitude towards women engaging in employment. There is still considerable inequality in the labour market (for example the gender pay gap), and lack of support for childcare (both supply and demand) leaves women with less than equal access to labour market participation. This ambiguity and these contradictions can be explained by a political and ideological struggle about the role of women in society that is still unresolved in Ireland. It is against a background of such ambiguity that the debate about social welfare reform takes place.

# CHAPTER 5: A MODEL OF SOCIAL WELFARE REFORM

## 5.1 AIM OF PROPOSED REFORM

This chapter outlines the primary elements needed in social welfare reform starting with overall rationale, social insurance, social assistance, reform to accommodate women's atypical and part-time work patterns, reforms to value and give recognition to parenting and caring and finally to maximise the number of women with individual entitlements to pensions

### 5.1.1 Overall Reform Rationale

This research puts forward proposals for a modern social welfare system that would reflect changed social structures. These include the increase in female labour force participation and the growth in one-parent families, the rising number of atypical workers in the economy and the greater extent of contract working and movement between jobs. This research has already noted the consensus around a model of reform that emphasises the role of social insurance as the dominant form of social welfare provision. Any model of reform or enhancement of social insurance must also be consistent with any further social assistance reform. It should also be consistent with taxation and child income support reform.

This research sets out to develop a model of reform that maximises women's participation in the labour force and, at the same time, values and recognises the care that women provide in their homes. The model assumes that all women will have, and will want to have, a reasonable period of time in direct labour market activity but that the labour market (and related tax/welfare system) respects work-life balance. The model attempts to accommodate the reality that many women (either voluntarily or involuntarily) have to opt out of the labour market periodically for reasons of care. Getting the right balance between work and care is crucial.

It is not the aim of this reform proposal to have all the population working "in home duties" covered by a social welfare contingency. Rather, its aim and principle are that each adult should have an individual relationship with the social insurance system, not one mediated through a relationship with another adult. In other words, each adult should have her or his own contribution record and an associated set of direct rights rather than a set of derived rights. This is necessarily a long-term programme of reform lasting to 2020.

To some extent, this change is occurring naturally as more women enter the labour market and accumulate their own contribution records rather than relying for social insurance rights on the records of their spouses. The percentage of old-age and retirement pensions requiring qualified adult allowances (QAAs) reduced from 42 per cent to 33 per cent in the period from 1990-2001. The total number of QAAs is dropping in absolute terms and as a percentage of total payments. Although no actual projection has been undertaken, it is forecast that virtually all women will have a direct right to pensions by about 2020. This means that the

concept of qualified adult will be virtually irrelevant for pensions by 2020 approximately. How can the concept of independent entitlement become a reality for other social insurance and assistance payments?

## 5.2 Social insurance reform

The most recent overview of social insurance, the 1996 Social Insurance Report, accepts that the full-time employment male model is problematic for women and parents on two fronts: first, the lack of accommodation of atypical work; and second, its inability to accommodate full-time work in the home. The 1996 report favoured developing the social insurance system to meet new risks or contingencies and identified care and nursing as likely areas of new contingencies. The 1996 report is more cautious about a reform that could take in the largest group excluded from the social insurance scheme: married women and men working in the home. The report notes that the cost of making social insurance payments to this group might exceed the value of their contributions and that such a move could be seen as a fundamental departure from the social insurance system which "basically insures those who make their living from the labour market against the risk of losing that income".

This reflects the logic of social insurance that part of the wealth created during a person's economically active years is used to provide pensions and other entitlements which are paid to that person when they are unable to be labour market active due to illness, unemployment or old-age. To be feasible in political terms, the transition from the traditional social insurance male breadwinner structure to a more modern inclusive social insurance system must be broadly realised within the logic of the present model of social insurance. This means that for women to have coverage within the social insurance system, they must have some exposure to the labour market.

The model developed in this research reflects this broad understanding of the social insurance system. The model holds, however, that it is still possible to argue for coverage of time-limited periods of non-participation in the labour market for the contingency involving parenting young children. The failure of social insurance to provide income replacement for this obvious stage of limited retirement from the labour force is illogical in the context of the function of social insurance.

### 5.3 THE SOCIAL INSURANCE REFORM MODEL

A social insurance system that can facilitate a modern labour market and modern society can be developed through a series of reforms. These reforms can be short-term (S), medium-term (M) or long-term (L); some may be transitional (T). A time scale and costings are discussed in Chapter Six. The reforms are summarised below under four main areas and are detailed in the remainder of the chapter under the same headings:

- maximising the number of women with independent income;
- maximising the number of women with individual entitlement to pensions;
- recognising parenting and caring;
- accommodating atypical and part-time work patterns.

<p><b>Pensions - Providing for Older Women without Individual Pension Rights</b></p> <ul style="list-style-type: none"> <li>• 100 per cent of QAA paid directly to women until full pension coverage for women can be assumed in 2020 <b>(2007 and T)</b>;</li> <li>• Retrospective credits for all women engaged in care, so that most women will have direct rights to pensions before 2020 (S);</li> <li>• Changing homemakers' "disregards" to a system of "homemakers' credits"(S);</li> </ul>
<p><b>Developing a Contingency for Parenting and a Wage for Caring</b></p> <ul style="list-style-type: none"> <li>• Development of a mechanism to facilitate care of older people to be valued as paid work (L);</li> <li>• Extension of maternity leave benefit to 26 weeks (S);</li> <li>• Introduction of paid parental leave benefit for parents of young children (S);<sup>6</sup></li> <li>• Introduction of part-time parental benefit for parents of children up to the age of 11 (M, L);</li> </ul>
<p><b>Recognising the Labour Market Reality of Women's Atypical Employment</b></p> <ul style="list-style-type: none"> <li>• Introduction of a new part-time unemployment benefit for parents with children aged 0-12, so that women seeking part-time work can have that part-time unemployment recognised (S, M);</li> <li>• Specific reforms around atypical work for job seekers, seasonal and casual workers and the "Relatives Assisting" category for spouses of self-employed and farmers (S);</li> </ul>
<p><b>Maximising the Number of Women with Independent Income</b></p> <ul style="list-style-type: none"> <li>• Review of the two-year rule governing awards of social insurance credits. <b>(S)</b></li> </ul>

### 5.4 SOCIAL ASSISTANCE REFORM

From an equality and anti-poverty perspective, the NWC1 gives considerable priority to reform of the social assistance scheme. For women vulnerable to poverty, the intricacies of the means-tested social assistance scheme identified in Chapter 2 can have a negative impact on life. The social assistance scheme should enable women to progress into employment and broad labour market participation and should facilitate new forms of family formation. Enabling the transition to work is a key anti-poverty strategy and a key objective of the model of reform developed below.

Even with a fully developed social insurance system, there will still remain a large residual social assistance scheme to meet the needs of people who are ineligible for a social insurance payment either because:

- They do not have sufficient social insurance paid or credited to be eligible;
- Their specific life situation is not covered by a social insurance contingency.

In the short to medium-term, there are anomalies and inconsistencies in the present social assistance means-testing rules that can cause unequal outcomes between women and men or between different groups of women. These can cause poverty and unemployment traps and should be removed as a matter of urgency. A number of recommendations in NESF reports Numbers 3, 20 and 21 are compatible with longer-term reform but can be implemented soon and at relatively little cost. These include indexation of income disregards and simplification of tapered means tests income bands. Along with such micro short-term reform, there is a broader need to reform social assistance from the perspective of gender, labour market considerations and competitiveness.

#### *Tools for Reform of Social Assistance*

For social assistance reforms to be meaningful, it is vital to engage in structural reform at the heart of the social assistance system and to abolish the limitation rule. This is considered a necessary backdrop to effective reform and is discussed in greater detail below. The intended result of abolition of limitation would be that both adults in a two-couple jobless household would have their own payment in their own right, for example that each would have his/her own independent income based on a household means test. Using the same format as in social insurance we can identify four broad areas for reform. These are outlined here and discussed in further detail later:

<sup>6</sup> Another option, instead of introducing a social assistance and social insurance-based parenting benefit / allowance would be to relax the GSW/ASW requirement for those on UB and UA until their child is a specific age.

<p><b>Accommodating Women's Atypical and Part-Time Work Patterns</b></p> <ul style="list-style-type: none"> <li>• Introduction of part-time unemployment assistance <b>(M)</b>;</li> <li>• Rectification of short-term means testing anomalies <b>(S)</b>;</li> <li>• Measures to reduce numbers of qualified adults <b>(S-M)</b>.</li> </ul>
<p><b>Recognising Parenting and Caring</b></p> <ul style="list-style-type: none"> <li>• Introduction of parental allowance parallel to parental benefit <b>(M-L)</b>;</li> <li>• Introduction of a part-time carer's allowance <b>(L)</b>;</li> <li>• Making carer's allowance into a wage <b>(L)</b>.</li> </ul>
<p><b>Maximising the Number of Women with Individual Entitlement to Pensions</b></p> <ul style="list-style-type: none"> <li>• Ensuring that the qualified adult rate of old age pensions reaches 100 per cent of the non-contributory old-age pension adult rate by 2007 <b>(S)</b>;</li> <li>• Ensuring as many women as possible have access to social insurance-based pensions <b>(M)</b>.</li> </ul>
<p><b>Maximising the Number of Women with Independent Income</b></p> <ul style="list-style-type: none"> <li>• Abolition of limitation rule <b>(S)</b>.</li> </ul>

## 5.5 MAXIMISING THE NUMBER OF WOMEN WITH INDIVIDUAL ENTITLEMENT TO PENSIONS

### 5.5.1 Recent Reforms in Social Welfare Pensions Policy

A key challenge is to find a way to ensure full and independent pension coverage for as many women as possible as soon as possible. Recent reforms, including the homemaker's scheme and increases in the qualified adult allowance for old age pensions, are welcome.<sup>7</sup> As part of a process of more wide-ranging reform, they are important steps in general progress towards greater individual entitlement in the social insurance system. While the report does not deal with occupational pensions, it is well recognised that access to occupational pensions will be a major factor for women and for this reason it is even more important that reform should enable maximum labour market participation by women.

### 5.5.2 Recognition of Pre-1953 Social Insurance Contributions

The Review of Qualifying Contributions recommendation to recognise pre-1953 social insurance contributions was quickly implemented. This means that more older women now qualify for partial pensions. By September 2002 up to 25,000 people had applied for the special pre-1953 old-age contributory pension, 12,280 had been awarded the half-rate pension and 217 the full-rate pension. Up to 7,225 were

deemed unsuccessful (some of whom may have eventual entitlement due to a combination of pre-1953 and social insurance contributions from working abroad). A further 8,500 pro-rata pensioners are now getting the pre-1953 pension. While this progress is welcome, the problem remains that pre-1953 applicants are not receiving full pensions because the system does not recognise the caring work which they have undertaken for many years.

### 5.5.3 Increasing the Qualified Adult Rate for Pensions from 70 per cent to 100 per cent of the Adult Rate

The Government commitment to 100 per cent qualified adult allowance for the non-contributory old-age pension began in Budget 2001 when the QAA rate for those over 66 was increased by £15 per week and the Minister announced his intention to increase the rate to that of the full NCOAP (equal to 90 per cent of the OAP). The Minister stated that this was to pay a pension to women currently at or near pension age who could not benefit from the easing of qualifying conditions for pensions or from the homemaker's scheme and who would not receive a payment in their own right. Some progress was made in Budget 2002 and 2003.

The recent Programme for Government 2002-07 committed to reaching the 100 per cent NCOAP target by 2007. This is in keeping with the recommendation 9.33 of the National Pensions Board that the QAA be paid directly to the dependant of pension age and be called the old age allowance. While welcome, this is clearly not an independent entitlement but a direct payment of a derived right. Given that the woman's right to the payment is still technically derived from her husband's record, this would not be a full model of independent entitlement but it is useful as a transitional arrangement in the context of more structural reform of social insurance.

### 5.5.4 Homemaker's Disregard or Credit

An existing 1994 homemaker's scheme caters for people who spend periods of time – up to a maximum of 20 years – outside the labour force caring either for children or incapacitated people. It works by "disregarding" time spent caring when calculating a person's contributory old-age pension entitlement. When the person's contribution record is averaged, the disregard increases the likelihood of achieving eligibility criteria for the contributory pension. This can be distinguished from a credit which would be added to a person's contribution record before the average contribution was calculated. A credit rather than disregard option was originally considered and rejected at the time of introduction of the homemaker's scheme, mainly on the grounds of cost.

Since then, the 1999 Expenditure Review of Credited Contributions considered this issue as did the Review of Qualifying Contributions for the old-age contributory and retirement pensions. The Credits Expenditure Review noted that disregards gave no value for short-term payments and gave a slightly lower yearly average than if credits were awarded. It was noted that disregards were beneficial for homemakers because they were not affected by the S.57 SI 312 1996 rule, where a person with no SI record for more than two years must have 26 paid contributions before credits can be awarded.

<sup>7</sup> While welcome, they have ironically reinforced a male breadwinner approach, the former by not comprehensively valuing care, the latter by maintaining a derived right to a pension

Notwithstanding the latter difficulty, the 1999 review concluded that it would be useful to see if disregards and credits could be managed within a single arrangement. The Review of Qualifying Contributions was largely satisfied that the proposal for a switch from disregards to credits was warranted. The question of converting these disregards to a system of credits is being considered in the second phase of the Review of Qualifying Contributions for old-age contributory pensions. It is understood that this review is also positively disposed towards managing the homemaker's pension by way of credits rather than disregards. This research concludes it would be more constructive to see women's care work as making a contribution (rather than being disregarded) and support the proposals to move from a disregard to a credit.

#### **5.5.5 Homemaker's Retrospection**

The scheme is available only to women registered as homemakers since 1994, to women whose children are under-12 or are in need of full-time care because of a disability. It does not extend to women required to give up work due to the marriage bar which operated until 1973. There have been consistent demands to apply the scheme retrospectively to 1973. The Review of Qualifying Contributions is broadly supportive of retrospection. However, it also notes the financial implications of greater pensions costs and the difficulty of deciding a retrospection date; the administrative implications of the retrospective application of the 1994 scheme; the difficulty of ascertaining whether a person was in a care position for all of these years. In addition, there are fears of false expectations being raised, as many of the women will still not qualify for pensions because they will not have had prior paid contributions. It raises what is probably the most serious obstacle to reform: maintaining the logic of the social insurance principle and the difficulty in finding a balance or a parity of treatment between full-time "contributors" and those on credits.

This research concludes it is reasonable and practical to apply the 1994 homemaker's scheme retrospectively to 1973 and to allow those women at least the maximum 20 years, already allowed for under the homemaker's scheme. This is supported by the National Council on Ageing and Older People.

#### **5.5.6 Contributions and Eligibility Review**

In the context of a move from disregards to credits and towards retrospective credits, the Review of Qualifying Contributions is very important (especially given the need to safeguard the viability of the social insurance scheme). Phase one of the review recommended a switch from a yearly average calculation to a total number of contributions (paid and credited) calculation. Phase two is now examining this recommendation. There are clear issues for women in the degree to which the review strikes a balance between valuing paid contributions over credited contributions. The number of paid contributions required to qualify is already increasing from 260 to 520 in 2010. This is largely acceptable and in line with European norms. The research recommends that a gender impact assessment of recommendations arising from phase two of

the Review of Qualifying Contributions recommendations should be undertaken.

#### **5.5.7 Non-contributory Old Age Pension**

The limitation rule does not apply to non-contributory old age pension (NCOAP), and this is welcome. It is essential, however, for anti-poverty reasons to ensure that the NCOAP is adequate and indexed to average earnings growth in the economy.

### **5.6 DEVELOPING A CONTINGENCY FOR PARENTING AND WAGE FOR CARING**

#### **5.6.1 Maternity Benefit Should be Extended to 26 Weeks**

At present, there is provision in the social insurance system for 18 weeks' paid maternity leave and eight weeks' unpaid leave. The NWCI has previously recommended<sup>8</sup> that maternity leave should be extended to six months (26 full weeks), paid at the present rate and with the present contribution eligibility.

#### **5.6.2 Parental Leave Payments**

##### **Promotion of Parenting Role of Fathers**

It is worth noting that non-transferable paid parental leave produces the greatest take-up of parental leave by men, an important feature of a gender equality reform worker model. The design of a parental benefit / assistance model is important and any model should seek to encourage maximum male participation in childcare.

##### **5.6.2.1 Social Insurance Parental Leave Benefit Full-Time and Part-Time**

Various organisations (including the Irish Congress of Trade Unions) have developed proposals to introduce a social insurance-based parental leave benefit. This is to complement the Parental Leave Act (1998) which entitles parents to 14 weeks' unpaid leave to care for children under the age of five. The Commission on the Family (1999) concluded that the PRSI maternity benefit scheme should be extended to cover parental leave and to provide a weekly payment on the lines of maternity benefit to workers availing of the parental leave under the EU directive. The Programme for Prosperity and Fairness provided for a working group to review provision of this act. This working group made a majority recommendation in April 2002 that parental leave should be extended to 18 weeks and that a social insurance payment should be introduced to cover this leave.

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<sup>8</sup> NWCI submission

While the Department of Social and Family Affairs has raised the possibility of administrative difficulties, there is acceptance that it is reasonable to develop a social insurance contingency for paid parental leave. This is a common feature in other European social insurance schemes where seven other countries have paid parental leave. Such provision of a social insurance-based payment for parental leave is an important feature of reform of the social welfare system.

#### **5.6.2.2 Parental Leave Allowance in Social Assistance**

This recommendation is built on an NESF discussion of a model for reforming social assistance. The NESF Report on Lone Parents (2001) and the Department of Social, Family Affairs One-Parent Payment Review (2000)<sup>9</sup> concluded that there needed to be a reform of social assistance to facilitate lone parents' family formation choices.

The reform focused on the introduction of a parental allowance payment available to any parent, if that parent was to pass a household means test and was caring for a child under a specific age. The parental allowance would be paid at the same rate as unemployment assistance. When the child reached a specific age, the provision of a part-time parental allowance would allow one parent to choose part-time care. When the child reached a specific age, the part-time parental allowance would no longer be available and the parent in need of income support would have to be fully available for work to receive full rate adult unemployment assistance.

#### **Length of Benefit / Allowance and Age of Children**

In a model that is evolving over years, the length of maternity leave and paid parental leave will expand so that the caring role of parents with young children will be seen as a real rather than symbolic contingency in the social welfare system. We note that in some countries up to three years of caring is facilitated through the social welfare system. Recognising the under-provision of appropriate day-care for children, the benchmark of five years could be used for full-time parental benefit and parental assistance. As an interim target, Ireland should have as a benchmark the best of European practice (Commission on the Family, 1999).

#### **Part-time parental benefit / allowance**

Recognising the limitations of any childcare infrastructure and the validity of the choice to care for children at home and

children's own needs, a part-time parental allowance should be available for parents with children in primary and early secondary school. This would be available so that parents could combine part-time work (or part-time job search if unemployed) and part-time parenting.

#### **5.6.3 Recognition of Care for Elderly and Disability**

This research advocates that the social welfare system should move as far as possible to a gender neutral combination that supports women's work and care. It should be a principle of reform that all care that is not "parenting" should be classed as work. Such work could receive a payment. Instead of enhancing and increasing the numbers of care contingencies in the social welfare system, the reform would focus on paying carers for their work.

In effect, if the means test for carer's allowance was abolished, this would become a carer's wage. This wage would then be subject to PRSI and women in caring positions would be able to build up an independent social insurance record. This would also mean that carers could share a carer's wage between family members and/or others and that the optimum care arrangements would evolve for carers and persons needing care.

### **5.7 RECOGNISING THE LABOUR MARKET REALITY OF WOMEN'S ATYPICAL EMPLOYMENT**

#### **5.7.1 Part-time Unemployment Benefit and Unemployment Assistance for Parents with Children Aged 0-12**

It is clear that part-time unemployment benefit is crucial to any reform model. The 1994 Commission for Social Justice Reform proposal in Britain and the Australian model either included a part-time unemployment benefit or facilitated partners in jobless households to access part-time work through a system of individualised income disregards.

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<sup>9</sup> The NESF Report on Lone Parents (2001), building on the Department's one-parent Payment Review (2000), concluded that in the context of the present social welfare system, the most effective way of meeting the disincentives that exist for lone parents with regard to cohabitation is to restructure present contingencies to facilitate those who decide to cohabit or marry. In this context, the report went some way towards the development of a model to reform the way the social assistance system caused barriers to family formation and poverty traps for lone parents. The team recognised the fact that its outline ideas would have major implications for the system of welfare, and would influence the debate about individualisation of tax and welfare, the future of the qualified adult allowance in social welfare, the argument concerning economies of scale in welfare-dependent households and the debate about a parenting payment in the social welfare system. **The report, recognising that more work needs to be done, made no recommendations.**

There are gender equality issues in models that promote part-time work. Reform in the Netherlands meant that it now has the greatest proportion of women working part-time (68.3 per cent compared to a EU norm of 31.5 per cent). Planetenga (1999) defined the Dutch model as the 1-earner model - with women emphatically in the role of secondary earner. This model does not necessarily promote gender equality.

While the details of how part-time work is recognised and facilitated are important, it does appear necessary to develop a contingency that recognises the reality of work-life balance choices facing families, especially women with childcare responsibilities.

Such an unemployment benefit or assistance would be paid when a person, because of childcare commitments, was available only for part-time work but could not find such work. At present, a person seeking part-time work is ineligible for unemployment benefit or assistance because s/he is unable to prove that s/he is available for, and seeking, full-time work. It can be argued the present system pushes women looking for part-time work simply to lie and say they are looking for full-time work and this does indeed happen. One cannot conclude, however, that this is a satisfactory arrangement from the perspective of the woman or the State. It would be more useful to insert into the social welfare system a payment that would recognise the reality that for many women with children the only viable option is part-time work. It is demeaning for women to force them to lie to fit into a male breadwinner concept of full-time work, with penalties accruing if they get caught.

At present, the system recognises part-time unemployment when a person seeking full-time work can find only part-time work. The system does not encourage part-time employment options as a life choice and effectively limits this as an option by requiring a person to prove a loss of substantial earnings to continue a part-time unemployment benefit claim after the initial claim period has elapsed. This control feature effectively denies a work-life balance combining part-time work and part-time care which could be a realistic choice for many parents. There are fears that the availability of a part-time unemployment benefit would be used to supplement earnings from part-time work for people available for full-time work (although the fact that this proposal is only available for parents with children under-12 would limit this concern.)

A part-time unemployment option could facilitate women to make a long-term transition into full-time employment. Given the labour market needs of the country and women's increasingly high education attainment, it would seem foolish to force women to make artificial choices between full-time work and full-time care. The short-term cost of part-time unemployment benefit or assistance needs to be viewed against the longer-term benefit to competitiveness of greater labour force participation by women. Furthermore, a higher percentage of female labour force participation would bring more tax and social insurance revenue into the Exchequer and generate savings in education and retraining.

### **5.7.2 Administrative Anomalies Regarding Atypical Work**

Administrative simplicity and an understandable and accessible credits system are essential features of a modern social welfare system. The 1999 Credits Review highlighted anomalies emerging from the administrative complexity of the PRSI credits system where confusion, take-up barriers and inadequate responses to staff training and information needs all lead to a less than effective credit system. There are still access issues like time limits and other artificial barriers that need to be removed. Take-up campaigns and effective use of information technology should be utilised to ensure that everyone is enabled to maximise their credit records. The use of new information technology-based systems like Reach, Oasis and Pension Forecasting could have the potential to increase take-up and generate interest.

### **5.7.3 Atypical Workers and Social Insurance Coverage**

The 1996 Social Insurance in Ireland Report noted the need to develop a comprehensive social insurance scheme that could recognise the many varied work patterns in a modern economy. The NWCI in submissions to the Programme for Prosperity and Fairness (NWCI, 2000) the Review of the National Anti-Poverty Strategy (NWCI, 2001) and Budget Submissions (NWCI, 2002) highlighted the need to design a social insurance system that would recognise the reality of women's work and take into account periods in and out of the workforce due to the diverse types of work in which women are more likely to be engaged. The substantial loss of earnings rule requires a person to have lost substantial employment before becoming re-eligible for unemployment benefit. This rule means that people in part-time atypical work cannot rely long-term on unemployment benefit to subsidise their income. This should be assessed to ensure that the rule is not causing involuntary part-time unemployment or leading low-paid workers into situations of poverty.

Up to 98 per cent of those in job-sharing positions are women. The Irish Council for Trade Unions has highlighted a number of issues concerning access to benefits for jobsharers, some of whom cannot qualify for homemakers' credits for the weeks during which they are not working. This administrative obstacle in the credit system should be reviewed.

#### 5.7.4 Self-Employment

There are also issues of coverage for women and men working in family businesses and treated as “relatives assisting”. These people are often spouses of the business owners and usually women. There should at least be obligatory insurance of all workers in family businesses. Legislation should be changed to enable self-employed people to ensure their spouses and relatives assisting are fully insured, as recommended by the 1999 Credits Expenditure Review and the 1996 Social Insurance Report.

##### 5.7.4.1 Farming Women

Farming women are a specific category of women working in family businesses who may face specific difficulties in arriving at self-employed status. Only 3 per cent of farms are in joint ownership and 93 per cent of farms are owned by men. While 50 per cent of farmwomen have independent income and social insurance, the Irish Farmers' Association has identified that the remaining 50 per cent have no independent pension rights. An interdepartmental working group reviewed the situation of farmwomen, following a report from the advisory group on the role of women in agriculture, and concluded that the partnerships between spouses route is the most immediate mechanism for farmwomen to have self-employed PRSI coverage<sup>10</sup>. The Irish Farmers' Association is not satisfied that sufficient measures have been taken to promote partnership options to farming women and have put a number of proposals to the Department. Alternative ways of managing the situation include enabling self-employed businesses to insure relatives assisting (as above).

##### 5.7.5 Informal Economy

Administrative reforms could usefully be used to tackle eligibility and coverage issues for women working in the informal economy. There are a large group of women who will not have coverage because they are working within the informal economy either as childcare workers or as relatives assisting. For some, the issue is not one of typical tax avoidance but fear of disclosure of income because of poverty and unemployment traps. Provision should be made to exempt childcare earnings from social welfare means tests and tax assessment and to facilitate easy purchase of PRSI credits or stamps. Facilitation of “buying a stamp” models where people could self-insure with administrative ease could be a useful model for localised purchase of social insurance.

## 5.8 MAXIMISING THE NUMBER OF WOMEN WITH INDEPENDENT ENTITLEMENT

### 5.8.1 Social Insurance Coverage and Gaps

The S 57 SI 312 1996 rule states that a person with no social insurance record for more than two years must have 26 paid

contributions before credits can be awarded. This can put some people at an immediate disadvantage where they have a contingency that can enable them to be awarded credits but cannot access the credits unless they first pay 26 contributions. This is obviously an issue for lone parents, people on social assistance payment, non-nationals, returning emigrants, young people, etc. The concept of pre-entry credits has been used to accommodate this issue but would need to be more widely available to ensure maximum coverage.

An alternative obstacle is that a person with a social insurance record from an EU member-State cannot activate that record until the person has paid at least one full PRSI contribution in Ireland. This obviously affects returning emigrants and immigrants. This arises from implementation of EU legislation and should be reviewed at this level.

### 5.8.2 Social Assistance Limitation

The working group examining the treatment of married, cohabiting and one-parent families under the tax and welfare codes (1999) examined anomalies within and between the social welfare and tax codes in the treatment of different family types. Among the issues the group identified was the limitation rule, identified as a clear example of the continuing adherence to the male breadwinner model, where couples who claim unemployment assistance are both paid 50 per cent of 1.7 times the adult payment rather than two separate adult payments (see 3.5.3 for further analysis of this rule). This provision undermines the financial advantage women may have in claiming a payment in their own right and makes it less likely that women will seek a payment in their own right.

In addition, by not claiming in their own right, these people, mainly women, in turn are not recognised as part of the labour force and can be excluded from a range of subsequent employment schemes and training programmes, participation in which is dependent on the live register. The recent introduction of the “spousal swop” allows spouses to transfer entitlement to labour market programmes and this has gone some way to reduce the qualified adult's exclusion from labour market programmes. But it would be more efficient for the qualified adult to qualify in her or his own right.

The principle of limitation was subsequently extended to other social assistance payments. The policy is unevenly applied, however, with some social assistance payments affected and others remaining unaffected. The families affected are more likely to be living in poverty as a direct result of the rule. This research recommends abolition of this limitation rule. This would also enable lone parents to move more smoothly into alternative family formation situations.

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<sup>10</sup> Farm women who can prove partnership (e.g income tax returns, profit sharing from work on farms and joint ownership of herds) are entitled to pay PRSI as self employed or if earnings are under €3,714 to make voluntary contributions for PRSI coverage. Relevant departments have assured the IFA that they will ensure that no anomalies exist in relation to this scheme. The IFA have asked for feedback on how this option is working at a practical level for women. Clearly, there are concerns that farming women face particular social, cultural and administrative barriers to the “partnership model” of social insurance coverage.

### **5.8.3 Administrative Supports to Offer Choice to QAAs**

The abolition of limitation increases the possibility of maximising the number of women with independent entitlement. It gives increased financial incentive to each qualified adult (QA) for whom social assistance is claimed to establish a record in her or his own right. This will require a process where there is advocacy to enable women and men to maximise the opportunity to access an independent payment or social insurance record. This will involve identifying for each qualified adult the most likely route to independent entitlement and in so doing reducing as much as possible the number of QAAs in the social welfare system. This could be done in the short- to medium-term and could be facilitated, as recommended, by introducing contingencies relating to full and part-time care and part-time unemployment payments. The concept of a QAA payment will need to be a feature of the system for the foreseeable future because there will be some people who will, in the short or long-term, not qualify for an independent payment because:

- They cannot prove social insurance eligibility, for example, they have insufficient social insurance contributions;
- They cannot pass a means test based on spouses' earnings (household means test). This mainly refers to QAAs on social insurance claims, 30 per cent of whom, it has been estimated, would not qualify for means-tested payments;
- They cannot prove they are eligible under any of the available contingencies, for example they are not sick, disabled, caring, parenting, unemployed, etc.

In practice, administratively, the target to provide all QAs with independent entitlement would happen over a long period and eventually the QAA would be very much the exception rather than the rule. The abolition of the limitation rule is a primary factor in achieving this reform. The faster new contingencies are introduced, the faster qualified adults can move to a situation of independent entitlement.

# CHAPTER 6: RECOMMENDATIONS AND IMPLEMENTATION STRATEGY

## 6.1 OVERVIEW

This research puts forward a model for a modern social welfare system which is intended to maximise labour market participation, accommodate atypical work and, at the same time, recognise and value, in monetary terms, parental and other forms of care and maximise the number of women with independent entitlements to pensions.

This model has a long-term timeframe requiring incremental implementation over 20 years and accommodating a range

of transition arrangements. The model is summarised below under the following headings:

- Social insurance and social assistance combined model;
- Implementation, barriers to implementation and timetable;
- Costings;
- Outcomes, equality proofing and poverty proofing;
- The way forward in the policy process.

## 6.2 COMBINED SOCIAL INSURANCE AND SOCIAL ASSISTANCE

### Pensions: Provision for Older Women without Individual Pension Rights

- 100 per cent QAA to be paid directly until full pension coverage for women can be assumed in 2020.  
By 2007, the QA rate for OAP and NCOAP would be set at 100 per cent of the NCOAP (S);
- Introduction of retrospective credits from 1973 for all women engaged in care, so that most women would have direct rights to pensions before 2020 (S);
- Change from homemaker's disregards to homemaker's credits (S).

### Developing a Contingency for Parenting and Wage for Caring

- Extension of maternity benefit to 26 weeks (S);
- Introduction of paid parental leave benefit for parents of young children (S);
- Introduce part-time parental benefit for parents of children up to the age of 11 (M, L);
- Introduction of a means-tested parental allowance (S);
- Introduction of a means-tested part-time parental allowance (M);
- Development of a mechanism to value care of older people as paid work by turning carer's benefit and allowance into a wage (L).

### Recognising the Labour Market Reality of Women's Atypical Employment

- Introduction of a new part-time unemployment benefit for parents with children aged 0-12, so that women seeking part-time work would have their part-time unemployment recognised (S, M);
- Introduction of specific reforms around a typical work for job seekers, seasonal and casual workers (S);
- Introduction of specific reforms in relation to relatives assisting for spouses of self employed / farmers (S);
- Introduction of a new part-time unemployment assistance payment for parents with children aged 0-12, so that women seeking part-time work could have their part-time unemployment recognised (S, M);
- Rectification of means testing anomalies (S).

### Maximising the Number of Women with Independent Entitlement

- Rectification of issues relating to gaps in credits coverage (S);
- Abolition of limitation rule (S).

### 6.3 THE PACE OF MODERNISATION

As discussed in Chapter 5, the concept of a qualified adult allowance payment will need to be a feature of the system for the foreseeable future. However, the more quickly new contingencies are introduced, the more quickly qualified adults can move to a situation of independent entitlements.

#### 6.3.1 Movement from Qualified Adult Allowances to Full Direct Adult Payment

A number of implementation issues arise in movement from a status of qualified adult to recipient of an independent payment. While these are notable, they do not pose sufficient reasons in themselves for not implementing this reform. The points below chart the broad direction of that movement.

- Once a qualified adult was to qualify for any of the contingencies above and pass a household (based on spouse's or partner's income) means test, s/he could claim an adult payment in her / his own right;
- Those able to meet a contingency but not a means test might have a social insurance contingency;
- Those who could not access an assistance or insurance payment might be able to access a credit because they might still pass a contingency;
- Those who could not do any of the above might have to remain as qualified adults in the short to medium-term. One could expect, however, that qualified adults would gradually fade out of the system. Given that qualified adults only get 0.7 of the adult payment, there is no great motivation for women or men to be qualified adults.

### 6.4 WORKLIFE BALANCE

See Appendix 5 for illustrations of the range of life options opened up through the proposed reform model.

The intended outcome is for all adults in a social-assistance based family to have a payment of their own. Those with dependent children would get a parental allowance or an unemployment allowance (full-time or part-time). Those with no dependent children would move onto unemployment assistance. This would be subject to an upper limit of 55 years after which pre-retirement allowance (PRETA)<sup>11</sup> would apply. Such a move would increase income to welfare dependent homes (from 1.7 to 2). The quid pro quo, however, would be that qualified adults would have to be actively seeking work, or have some other contingency, to claim payments in their own right. The trade-off is, of course, that the contingency of parenting would be recognised and facilitated in the social assistance scheme.

### 6.5 IMPLEMENTATION ISSUES AND BARRIERS TO REFORM

#### 6.5.1 Older Women

Up to 27,778 women are qualified adults of spouses or partners on pensions (DSCFA, 2000). Evidence shows that women retire at an earlier age than men, perhaps often retiring the same time as their (older) husband. This cohort is

unlikely to be able to prove independent entitlement by way of employment nor are they likely (given the possibility of their husbands having occupational pensions) to pass a household means test.

One concern raised in consultation is the need to respect traditional choices and not to force change on women and men who have made valid life choices. In this case, there is a concern that women over 55 should not be forced into the labour market. These women should be facilitated towards independent entitlement through the use of pre-retirement allowances or credits. Many women of this age, however, are actively seeking work and may well be entitled to unemployment assistance in their own right (or be eligible to sign on for credits if household means are too high).

If the aim is to encourage economic independence and if, for labour market or equity reasons, this was desirable sooner rather than later, it would be possible to develop a transition PRETA-like payment for women aged 45-55 who have not been in work for more than 20 years and whose husbands have retired. This transition payment could be at the same rate as qualified adult allowance but paid by way of independent entitlement.

#### 6.5.2 Technical Issues with Fast-Flow Payments

There are technical issues with fast-flow payments where claimants move in and out of the social welfare system very quickly and the income replacement function needs to be managed in a short timeframe. This is especially the case for disability benefit and also unemployment benefit. Three directions for reform are possible

- As a transitional or continuing arrangement, qualified adults could remain as a feature of these payments for a defined period;
- As a transitional or continuing arrangement, qualified adults could remain for periods up to three months, after which a move from qualified adult could be facilitated;
- Alternatively, expenditure saved on qualified adults could be used to increase the payment rate for these payments, so that the short-term rate would move closer to an income replacement rate through, for example, the re-introduction of pay-related benefit.

<sup>11</sup> Pre-Retirement Allowance (PRETA) is a payment which allows those aged 55 or over to opt to retire from the labour force and receive a weekly allowance.

### **6.5.3 Women in the Informal Economy**

Some women may resist the move from QA to UA because they do not want to seek work actively or because they may be in the informal economy or in the formal economy and earning less than €38.88 gross per week. There is no estimate of how many women are working in the informal economy but the fact that 85 per cent of all childcare economy is informal (Goodbody, 2000) indicates that there are a large number of women in the informal economy. While only 2,000 qualified adults are on reduced rate payment due to earnings, it is likely that many women are working formally or informally and earning just below the threshold governing qualified adults' means tests. While these women would benefit from formalised work arrangements and social insurance coverage in the short-term, one would not want these women to lose income or employment in the move from qualified adults to independent entitlement. Those qualified adults resistant to move could stay on as qualified adult and at 0.7 payment.

### **6.5.4 Resistance Due to Fears About Limiting Social Insurance**

There is likely to be resistance to this proposal based on fears that a weakening of a dependency-based payment structure could be seen as a way of running down the traditional social insurance rights of workers. Pay related social insurance is seen by many trade unionists as being for "contributors or workers". It has traditionally been used to support primarily work-based contingencies and there would be inevitable resistance to extending social insurance beyond the boundaries of the labour market. These proposals could, however, be interpreted as strengthening and expanding the social insurance system and giving both women and men a greater opportunity for work-life balance. Such reforms should also be introduced in the context of other reforms, for example the re-introduction of pay-related benefit.

### **6.5.5 Male Resistance**

There is also likely to be resistance from men, who may view receipt of the QAA as a right. As with isolated cases of social welfare payments being reduced as a consequence of qualified adult earnings, there may also be isolated instances of internal household conflict about distribution of income (DSCFA, 2002). While women need clear support in these cases, the fact that such resistance may exist reinforces arguments for independent income for women.

### **6.5.6 Fears About Inflexibility/Orientation of the Direction of Reform**

There may be resistance from those who view this type of reform as too labour market-oriented or as failing to provide for women unable to work because of specific family situations, for example – an older child with special need. The new model that encourages labour market participation would have to be flexible and acknowledge different types of caring, so that most life events preventing a person from engaging in employment would be fairly and reasonably accommodated within the welfare system, either through social insurance or assistance.

There are various ways the model can be adapted to enable greater or lesser degrees of worklife balance and to

recognise gradients of care. The fundamental recognition and accommodation of atypical and part-time work is fundamental to this aim.

## **6.6 COSTINGS**

Due to data availability problems, it has not been possible to cost all recommendations. The table below illustrates available costings and issues that arise in attempting to cost some of the specific recommendations as was the case in July 2002. Further and more exact costings will be available following publication of the Review of Credits by the Department of Social and Family Affairs expected before the end of 2002. Static cost may vary considerably from dynamic cost. Costings are likely to be low in the first instance as the cost of some of the proposals will be met as a transfer within the social welfare system (with present qualified adult allowances or one parent family claims changing to full adult claims). However, the cost may rise in the medium-term and drop considerably in the longer-term as the employment participation outcomes become apparent.

The specific costings depend on the timing of any changes and will also be greatly influenced by the extent to which the changes result in an increase in women's participation in the labour force and the availability of employment opportunities.

While, over the shorter-term, these changes may result in more women applying for, and receiving a social assistance or social insurance payment in their own right, in the long-term, such changes should facilitate greater labour market participation by women. More women would become contributors to the taxation system rather than recipients from the welfare system. Increased participation would also contribute towards increased competitiveness and economic growth. However, the labour market dynamic would in turn be dependent on labour market conditions in the Irish economy and on the availability and type of available employment at a given point in time. The dynamic would also be influenced by the degree of investment in enabling women to participate in education, training and labour market programmes.

The proposals recommended are ambitious and, if implemented, would mean that the Irish social insurance and social assistance scheme could be counted as one of the best in Europe. It is hard to see that this could be achieved with one of the lowest employee and employer social insurance contributions in Europe. The full cost of these proposals may require increased PRSI contributions and / or broader increased revenue from taxation.

However, this should be viewed against a longer-term vision of enhanced labour market participation by, and greater equality and economic independence for, women. There would also be some reduction of poverty and savings for example from a reduced number of one parent family claimants. There would also be a potential reduction in child poverty and considerable long-term savings in this regard. The benefits of increased equality, women's economic independence and decreased poverty, while difficult to estimate, need to be included in the comprehensive assessment of the cost of this model.

Work should be undertaken to alter Department of Social and Family Affairs data collection systems, so that they can systematically collect and collate information regarding qualified adults. Work should also be undertaken to quantify the social and economic benefit of increased women's participation and increased family choices in relation to parenting and caring.

While the potential collective costs of these proposals are significant, the price is worth paying. In addition, the discrete individual recommendations can be progressed without such broad financial impacts.

Recommendation	Costings
1 Qualified adult rate to be 100% of the non-contributory old-age pension	Cost already accommodated in the Programme for Government.
2 Make homemaker's scheme retrospective to 1973	Cost will be available in credits' review working group, due soon.
3 Change homemaker's disregard to homemaker's credit	Cost will be available in credits' review working group, due soon.
4 Gender impact assessment	No cost applicable.
5 Maternity benefit extended to 26 weeks	€42.8m
6 Paid parental leave benefit for 15 weeks – illustrative costing of this limited duration	€96m based on 50% male take up; (however, the likely male take-up is 10%).
7 Part-time parental leave benefit	Too long-term to cost given data issues, childcare infrastructure, parenting trends and the opportunity cost of available employment.
8 Means-tested parental allowance (same rate as UA)	Difficult to cost. No clear data on number of QAs with children or on age of children. Likely to be displacement of one parent and QA to a new parental allowance payment.
9 Part-time means-tested parental allowance (half rate UA)	Too long-term to cost given data issues, childcare infrastructure, parenting trends and the opportunity cost of available employment.
10 Carers' social welfare payments reconstituted as a wage.	No cost available. Likely to be more than simple aggregation of present CA and CB. There will also be displacement costs and savings on State health system.
11 Part-time UB	Costing methodology: to assign 70% of the 26,000 QNHS women returners looking for part-time work to UB and UA and to assume 10% might be eligible for PTUB = €8,030,880.  Alternative cost methodology is to allocate one day UB to all casual workers in the system at a cost of €1,149 pa per casual claimant (approx 30,000 in system) - €3, 447, 0000.
12 Widening social insurance to relatives assisting, etc.	No information available to do costing.
13 Part-time unemployment allowance	Assign 70% of the 26,000 QNHS women returners looking for part time work to UB and UA. Assume that 30% would be eligible for PTUA = €19,412,640.
14 Rectification of means-tested anomalies	No costing available and considerable payback from increased numbers of women working. Estimate = less than €2m.
15 Change of S57SI 312 91996) – two year credit rule	No data available to cost this recommendation.
16 Abolition of limitation rule	Static cost €3.9m. Dynamic cost estimated at €253m in 1996, likely to be lower now. Some of the dynamic costs are also replacement costs, as people move from lone parents or QAs to own payment.
17 Administrative take up campaign	Cost not applicable.

## 6.7 TIMEFRAME

**Figure 17:**  
**TIMEFRAME FOR IMPLEMENTATION**

Short term (0-5 years)	Medium term (5-10yrs)	Long term (10-20 years)	Outcome by 2020
Social Assistance Abolish limitation rule Introduce parental allowance 100 per cent QAA NCOAP NCOAP and OAP. Make income disregards consistent and indexed atypical and part-time work.	Social Assistance  Extend parental allowance to European average  PT UA payment	Social Assistance  Extend parental allowance to best in Europe	No limitation rule Best practice model of parental allowance  All pensions individualised and gender-neutral distribution between
Social Insurance Paid parental leave  100 per cent QAA NCOAP Homemakers' credits and retrospective to 1973 Reform two year rule for credits Extend social insurance to relatives assisting Abolish job share anomalies	Social Insurance Extend paid parental leave to European average    Part-time UB payment	Social Insurance Extend paid parental leave to best in Europe  Care as wage rather than welfare  Reform structure of DB and UB to reflect absence of QAA	Smooth welfare to work transition annually and accommodation of  Best practice model of parental leave in Europe  No QAA in OAP Carers have wage  Entry to social insurance easier  Fuller coverage of social insurance  Part-time work and atypical work accommodated
Hybrid and transitional Move as many QAAs as possible to own SA payment Move as many QAAs to own SA or SI contingency with credit Enable QAA payment to coexist with SA credit	Hybrid and transitional Aim to reduce number of remaining QAAs	Hybrid and transitional Aim to phase out QAAs by allowing no new QAAs	No QAA  As many women as possible with independent income  As many women as possible with SI rather than SA

## 6.8 EQUALITY PROOFING

A basic equality assessment is outlined in Appendix 3 and shows serious limitations in the present model of social insurance for people with disabilities, non-nationals and Traveller communities and especially for women in these communities. The proposed reform will not solve the barriers to accessing social insurance coverage for groups who for different reasons have had or continue to have inadequate exposure to social insurance. While all attempts should be made to make social insurance as comprehensive as possible, a social assistance scheme is clearly part of the social security landscape in Ireland. From an anti-poverty

point of view, these groups have the highest risk of poverty. The abolition of limitation proposed in the model has direct anti-poverty and redistributive outcomes and should be considered a priority.

From a class perspective, the recommendations will make a positive impact on women from a working class and low-income socio-economic perspective either through increasing access to employment or increasing access to independent social welfare income.

## **6.9 POVERTY PROOFING**

Poverty proofing guidelines require the policy-maker to consider:

- If the proposal increases the level of poverty, what options might be identified to ameliorate this effect;
- If the proposal has no effect on the level of poverty, what options might be identified to produce a positive effect.

This proposal will reduce the level of consistent poverty and relative poverty in Ireland. Implementation of the proposed model should contribute to the achievement of the NAPS global poverty reduction target of less than 2 per cent living in consistent income poverty by 2007. It will do so in the following ways:

- Abolition of limitation will directly reduce poverty in jobless households by increasing the adult payment from 1.7 to 2;
- Greater internal distribution of money in households. Where money goes directly to women, it is more likely to be spent on children (Rotmann, 1994);
- Any new social assistance contingency is likely to be well targeted at those at greatest risk of poverty;
- Greater labour market participation of women, especially low-income women (see 6.10);
- Impact on child poverty through more parents in employment;
- Shared economies of scale through changes in family formation with perhaps more lone parents choosing to exercise different family formation options.

Specific attention is given in poverty proofing to the equality aspect of poverty proofing (see above) and to the importance of strategies targeting those groups who are most at risk of poverty, for example lone parents or older single women. This is explored in Appendix 3 and in the section on equality proofing.

## **6.10 EMPLOYMENT AND LABOUR MARKET PROOFING**

The model has the capacity to produce positive labour-market outcomes, in that it will enable part-time work and

atypical work to have more realistic long-term options giving greater adaptability and flexibility to the labour market. The reforms will give greater clarity, consistency and simplicity to the transition from welfare to work. The model has the capacity to change expectation of and attitudes to women and work and to encourage women on home duties back into the labour market.

The model has the capacity to directly increase the number of women working. It can, for example, do this by enabling part-time work to be a real choice for women. This may keep a number of women in the labour market. The model also has the capacity to increase the quality of women's work. By making the decision to remain in the labour market a more sustainable decision, women are likely to have greater continuity and therefore greater progression in the labour market.

A requirement to increase taxation or social insurance contributions will increase the tax wedge and has the capacity to affect both job creation and unemployment traps. This has to be balanced, however, against the increased labour force flexibility, and that can be developed through modernisation of the labour force.

## **6.11 GENDER EQUALITY OUTCOMES**

This reform model reflects the labour market participation needs of women and facilitates greater labour market participation of women, thus increasing their economic independence. Gender equality is enhanced by, for example, the narrowing of the gender pay gap and increased numbers of women staying longer and progressing further in the labour market.

## **6.12 IMPACT ON CARE**

The model gives greater recognition and monetary value to care through parental payment and through valuing care of older and disabled family members as waged activity. The model creates greater sharing of care between women and men.

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## APPENDIX 1:

### RECENT INDIVIDUALISATION DEBATES

As early as 1982, the Second Commission on the Status of Women stated that the concept of dependency was unacceptable (p 80). The Commission on Taxation and the Commission on Social Welfare were also broadly supportive of individualisation.

The 1996 Report on Integration of Tax and Social Welfare examined the unit of assessment and made three recommendations on taxation of cohabiting couples, research on equivalence scales and abolition of benefit and privilege for over 25s. These recommendations are compatible with a broader agenda of reform but, in themselves, would not fundamentally alter the male-breadwinner model.

Social Insurance in Ireland 1996, a discussion document on social insurance, was published by the Department of Social and Family Affairs in October 1996. The purpose of the document was to outline issues and policy options relating to the social insurance systems, with a view to promoting public debate on the future direction of the system within the context of a rapidly changing economic environment. It identified that women in the home and atypical workers were not covered under the present social insurance system. It also identified the need to cover new risks, including caring.

The National Anti-Poverty Strategy also referred to individualisation as a policy action to be pursued under income adequacy.

The May 1998 Securing Retirement Income – the National Pensions Policy Initiative Report of the Pensions Board recommends that available resources should be used: to target the basic pension and to maintain at its current level the relationship between the qualified adult allowance and the personal rate of pension. In the longer term, it supports the individualisation of the qualified adult allowance into an old-age allowance to be paid directly to the adult in question.

The 1999 Report of the Working Group Examining the Treatment of Married, Cohabiting and One-Parent Families under the Tax and Social Welfare Codes, did examine specific proposals for achieving individualisation including administrative individualisation, and expansion of social insurance scheme, for which there was broad support.

A social partners' social insurance working group met before budget 1999 and reinforced existing recommendations for administrative individualisation and individualisation through the extension and expansion of the social insurance system.

September 2000 saw a major review of the one-parent family payment, which largely focused on overcoming barriers to work for lone-parents but which also, from a family formation perspective, noted that "disincentives to form relationships can only be resolved where the status of individuals is not relevant to the support received and we believe we must in the future examine options in relation to universal child support and individualisation of payments." This direction was reinforced in the NESF Lone Parents' Report No 20 2001.

## Appendix 2:

### **OTHER REFORM PROPOSALS - INFORMING THE DEBATE**

In developing the social assistance and social insurance models identified in Chapters 3 and 4 of this report, the research has drawn from the following reform proposals:

- British reform proposals from the Commission on Social Justice (1994) and from TUC (2001);
- Australian reform implemented in 1999;
- Homemaker Responsibility Allowance as proposed by McCashin in 1997;
- NESF Lone Parents Report No 20 2001;
- Commission on the Family, 1998.

### **HOME RESPONSIBILITY MODEL**

McCashin forwarded this approach in the context of the work for the 1999 working group. He proposed the abolition of arrangement for QAAs and of transferable tax allowances for spouses. This would be done along with the abolition of the limitation rule. He proposed replacing both of these with a new home responsibility allowance payable to all homemakers, which would not be means-tested or taxed. Non-working spouses would be entitled to unemployment assistance or a HRA but not both. He also proposed a variant of this model which would only target couples with children. The 1991 Review Group on the Treatment of Households in the Social Welfare Code examined similar proposals mainly from the perspective of equity and consistency between households.

### **COMMISSION ON THE FAMILY**

Some of the ideas in the following models are consistent with the approach of the Commission on the Family which reported in July 1998 and recommended an approach that could:

- Support families in prioritising investment in their children;
- Support parents' choices in the care and education of their children;
- Provide practical support and recognition to those whose main role is caring;
- Facilitate families in balancing work-life commitments;
- Support unemployed families with access to the labour market.

The commission proposed the following options:

- A parental allowance of £30 to be paid directly to the parent caring in the home. The parent allowance is intended to recognise the value of the unpaid work that is carried out in the care of young children in the home. (A complementary childcare allowance would have to be available.) Cost £228 million in 1998 terms.
- A PRSI-funded extended period of parental leave of up to three years, with the payment of a weekly parental benefit which may initially be paid at the same rate social welfare adult payment but which could vary over the time of the leave. (A complementary childcare allowance would have to be available.) Cost £255 million in 1998 terms.
- A £30 per week child benefit to all children under three to compensate loss of earnings or cost of childcare. Cost

£173 million in 1998 terms. It also proposed tax reform as a possible method of financing the costs of these reforms.

### **AUSTRALIAN MODEL**

During 1994 – 1996 a series of reforms in Australia effectively led to more gender equity in the social welfare system. This reform was motivated by strong political presence of women's voices in the formal political system and the informal policy-making system and concern about high levels of unemployment in low-income communities and workless families.

Minimum Features of the Australian System:

- Couple rate of unemployment assistance split into two individualised payments and a partial disregard to partner's earnings for unemployed couples – first AUS\$30 income disregarded to AUS\$50 taper (the rate is applied to level of 40 per cent of manufacturing wages);
- A new income-tested benefit called parenting allowance for those caring at home for children. This has an individual means test and then the amount is reduced by 70 cents for each \$ of partner's earnings (over a certain income level);
- An equivalent benefit for older wives (40+) and without any previous employment experience, called the partner's allowance. This has an individual means test and then the amount is reduced by 70 cents for each \$ of partner's earnings over a certain income level.

These measures have meant that women now receive a greater share of social security income directly and that labour supply among low-income women has increased.

Social insurance model outlined by Commission on Social Justice 1994:

- Removal of adult allowances from insurance benefits;
- The introduction of full insurance credits for those engaged in full-time care of children or adults, education, training, employment paid at rates below the lower entry level for social insurance and voluntary work;
- Non-contributory benefit to be increased to contributory levels and to be phased out by integrating them into insurance;
- Introduction of a part-time unemployment payment and other part-time payments;
- Introduction of a care allowance for those caring for children under three at home;
- Allow those with children under 3 to be Genuinely Seeking Work and Available for work part-time and waive this if no local childcare available;
- Target children through universal child benefit;
- Maintain household assessment for shared resources, such as rent.

#### **FOUR DIFFERENT OPTIONS FOR TUC REFORM PROPOSALS (MCLAUGHLIN, YEATES AND KELLY 2001)**

These reform proposals have advocated modernisation of social insurance through extension and expansion of the insurance system along the lines of the Commission on Social Justice proposals outlined above, with a view to widening the range of social activities covered under social insurance so that social reproduction would have the same value as economic production. They have also recommended full and partial disaggregation of existing benefits.

A UK variant of the Australian reform package includes:

- developing disregards when assessing income from employment – effectively giving partial disregards of partner's earnings;
- introducing some form of care or home responsibility allowance;
- having both employment and care credits available on a part-time basis.

## APPENDIX 3:

### **EQUALITY ASSESSMENT**

A basic equality assessment shows serious limitations in the present model of social insurance for people with disabilities, non-nationals and Traveller communities and especially for women in these communities. The proposed reform will not solve the barriers to accessing social insurance coverage for groups which, for different reasons, have inadequate access to employment, and related inadequate exposure to social insurance. While all attempts should be made to make social insurance as comprehensive as possible, a social assistance scheme is clearly part of the social security landscape in Ireland, and is likely to be used disproportionately by groups covered by the equal status legislation and low income families. While the general nature of social assistance payments can cause problems like stigma and unemployment traps for all recipients; the lack of independent entitlement to social assistance payments can cause much more extreme problems for women trapped in violent relationships.

### **MARITAL STATUS**

#### **Divorce**

In relation to divorce, Yeates (2001) points out that legislation now allows women to retain eligibility to benefit entitlements earned through a previous marriage. Social Welfare Bill No 2 was introduced before the divorce referendum in 1995. It provided for the necessary changes in the social welfare codes to ensure that no spouse would be disadvantaged in terms of his or her social welfare entitlement as a result of his or her legal status being changed from married, separated or deserted to divorced. This clear system of derived rights now means that, in theory at least, a number of derived claims could be made from the one contribution record. This has obvious cost implications. Given the high risk of poverty among divorced women elsewhere, the comfort factor of derived rights may have been necessary in encouraging the electorate to accept divorce. A social insurance model, however, now needs to find both an interim and long-term way to turn these derived rights into direct rights. This is a strong motivating factor for enhancing social insurance individualisation.

#### **Lone Parents**

Reform is likely to benefit lone parents from a family formation perspective and may have a poverty reduction impact for both women and children. The one-parent family payment (OFP) scheme provides a weekly payment to women and men parenting alone. The payment is means-tested and is designed to provide income support for those parenting alone. Where a lone parent starts to cohabit, they no longer qualify for OFP, as under the social welfare system the contingency of lone parenthood no longer exists and there is a presumption of support being provided by the other partner. They can apply for unemployment assistance if they are available for and genuinely seeking work. However, in this instance, if the partner is in employment, his/her income will be assessed as part of the household means test. If the partner is in receipt of a social welfare payment, the lone

parent can either be regarded as a qualified adult for payment purposes, or apply for a payment in their own right, in which case the limitation rule will apply. Either way they will receive half of 1.7. Hence the operation of the system effectively discourages the formation of relationships, in that it results in a loss of income for the lone parent. Cousins (1995) states that the OFP has the effect of "reinforcing women's dependency on men through the cohabitation rule". This rule has the effect of deeming cohabiting claimants to be dependent on the co-habitee, even where there is no financial support, thereby treating women as dependants of men, even though in the case of co-habitees, there is no legal obligation to provide support. The proposal to abolish the limitation rule will therefore have a positive effect on lone parents.

### **Violent Relationships**

Control of money is used as a way of entrapping women in violent relationships. Independent access to social assistance payments for married and cohabiting women is essential if they are to be empowered and enabled to exit violent relationships.

### **NON-NATIONALS**

Social welfare coverage for non-nationals requires monitoring. Racism has already been identified as a likely cause of poverty and it is important not to exacerbate this with structural barriers to social insurance. Most non-nationals enter Ireland young and have the opportunity to develop a record but many will be working in the informal economy and may not enter social insurance. The role and status of women in some cultures will mean that it will be difficult for women to establish and maintain a social insurance record. A special information campaign may be needed to inform non-nationals of the social insurance system and the long-term implications of non-coverage.

### **MEMBERS OF THE TRAVELLER COMMUNITY**

There is little formal economic activity leading to little social insurance coverage and little eligibility for social insurance. This will be even more problematic for traveller women, although they tend to be active participants on labour market programmes and may enter the social insurance system in this way. Given that many travellers will enter social insurance through community employment and other labour market programmes, pre-entry credits and targeted information campaigns will be important in this regard.

### **PEOPLE WITH DISABILITY**

With a 80 per cent unemployment rate, disabled people's access to social insurance related payments is very problematic. Therefore the issue of independent access to social assistance payments is of vital importance.

### **SEXUAL ORIENTATION**

The reform is unlikely to have any impact on the sexual orientation ground of equality legislation. The NWCi supports the extension of transferability of tax credits and pension rights to cohabiting couples.

## APPENDIX 4:

### **NATURE OF THE LABOUR MARKET IS CHANGING FOR WOMEN AND MEN**

There have been significant changes in the nature of employment over the past decade, both as a consequence of increased participation by women in the workforce and as a result of the expansion of the economy itself. While some modification of working conditions enables employees to reconcile paid employment with family life, change has often been driven by changing needs of production in an increasingly globalised and competitive market economy. Many employees now engage in tele-working or other forms of home-based employment. Flexitime, job sharing, term-time working or time banking all enable the employee to build up hours through long working days which can then be exchanged for additional leave. Some of the changes in the nature of employment, however, may result in less protection for workers<sup>12</sup> in the private sector.

Despite recent positive changes, employment policy remains problematic for women, particularly those with caring responsibilities who have tended to enter part-time or atypical employment over the past decade. While the enactment of the Part-Time Workers' Bill does protect certain rights of part-time employees, its provisions do not respond fully to the changes in the nature of employment.<sup>13</sup>

### **A Vision of Future Labour Markets**

The model of social welfare reform being advanced by the NWCI requires an accompanying reform of employment policy to bring about fundamental changes in the nature of paid employment. What the NWCI envisages is a work model in which all workers would be enabled to access a range of family-friendly options as of right. These options would become embedded in the culture of work and would be extended to all workers to facilitate an equal sharing of family responsibilities between women and men.

Workers' caring responsibilities would be recognised as an important component in their lives and would be given due priority. It would become usual for the majority of male and female workers to draw on family-friendly options at some

stage in their working lives. As a consequence, measures would be put in place to protect workers' rights to such options and to ensure that barriers to their future career advancement would be eliminated. A worklife balance would be forged in which the balance between work and life would be protected and enforced.

Framework agreements negotiated by the social partners at company and plant level should provide for a range of family-friendly working arrangements to be available where requested, subject to the requirements of the job. Fitzgerald (2002) notes that it took a quarter of a century after the ending of the marriage bar before a fully comprehensive range of family-friendly options finally became available in the civil service. Although labour shortages are driving change with some employers, experience suggests that change may be slow to happen unless enforced by a legal framework of rights. A recent study for the Equality Authority (Fisher, 2000) showed that only half of small and medium-sized companies offered any family-friendly working options.<sup>14</sup> This may require a strengthening of labour law to provide a legal right to these options, subject to the requirements of the job. This kind of provision operates in other labour laws. The onus of proof would be on employers, to show why family-friendly arrangements could not be organised.

The social welfare system needs to be compatible with this modern concept of the labour market and ideally should play a part in promoting this work-life balance.

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<sup>12</sup> In newer sectors, such as Information and Communications Technology, for instance, many workers may be self-employed, contracting their expertise to companies on a consultancy-type basis. In other sectors such as catering, for instance, a pattern has developed where certain workers may move from employer to employer within the sector on short-term but full-time contracts. Similarly, the expansion of the services sector over the past decade has resulted in the creation of a greater number of casual and seasonal jobs

<sup>13</sup> In general, employment policy is not aimed at enforcing workers' access to family-friendly options, particularly in the case of atypical workers. Workers on short-term contracts or in casual employment, many of whom are women, may not be entitled, for instance, to avail either of parental leave or carers' leave since both entitlements require the worker to be employed by the same employer for a minimum of 12 months before becoming eligible for such leave. Furthermore, family-friendly work-options such as job-sharing and term-time working remain at the discretion of the employer. While these options are widely available within the public sector, they are less accessible in the private sector.

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<sup>14</sup> While half the surveyed companies offered part-time work, only 11 per cent offered career breaks, and 4 per cent term-time working.

## APPENDIX 5:

### BEST-CASE SCENARIO OF HOW SOCIAL INSURANCE REFORM ENABLES FLEXIBLE WORKLIFE BALANCE

Illustration of choices in social insurance system in best-case scenario with no involuntary unemployment for either spouse. This is illustrated by way of three worklife balance choices.

#### CHOICE 1

	Adult Man	Adult Woman
Child aged under 5	Full-time employment	Maternity leave Parental Benefit
Child aged 5-12	Full-time employment	Part-time employment (or part-time UB) and part-time parental benefit
Child over 12	Full-time employment	Full-time employment
No child	Full-time employment	Full-time employment
Adult over 55	Full-time employment	Pre-retirement credit

#### CHOICE 2

	Adult Man	Adult Woman
Child aged under 5	Part-time employment Part-time parental benefit	Maternity benefit Part-time parental benefit and part-time employment (or PTUB)
Child aged 5-12	Full-time employment	UA PTPA and part- time employment (or PTUB)*
Child over 12	Full-time employment	Full-time employment
No child	Full-time employment	Full-time employment
Adult over 55	Full-time employment Pre-retirement allowance	Full-time employment Pre-retirement credit

#### CHOICE 3

	Adult Man	Adult Woman
Child aged under 5	Full-time employment	Maternity benefit Full-time employment
Child aged 5-12	Full-time employment	Full-time employment
Child over 12	Full-time employment	Full-time employment
No child	Full-time employment	Full-time employment
Adult over 55	Full-time employment	Full-time employment

### CHOICES IN SOCIAL ASSISTANCE MODEL WITH WORST-CASE SCENARIO

Illustration of choices in social assistance model with worst-case scenario in which both couples are unemployed involuntarily for the whole of their adult lives.

#### CHOICE 1

	Adult Man	Adult Woman
Child aged under 5	Unemployment assistance	PA
Child aged 5-12	Unemployment assistance	PTPA and PTUA*
Child over 12	Unemployment assistance	Unemployment assistance
No child	Unemployment assistance	Unemployment assistance
Adult over 55	Pre-retirement allowance	Pre-retirement allowance

#### CHOICE 2

	Adult Man	Adult Woman
Child aged under 5	PTUA PTPA	PTPA PTUA
Child aged 5-12	Unemployment assistance	PTPA and PTUA
Child over 12	Unemployment assistance	Unemployment assistance
No child	Unemployment assistance	Unemployment assistance
Adult over 55	Pre-retirement allowance	Pre-retirement allowance

#### CHOICE 3

	Adult Man	Adult Woman
Child aged under 5	Unemployment assistance	Unemployment assistance
Child aged five-12	Unemployment assistance	Unemployment assistance
Child over 12	Unemployment assistance	Unemployment assistance
No child	Unemployment assistance	Unemployment assistance
Adult over	Pre-retirement allowance	Pre-retirement allowance

\* PTPA = Part-time Parental Assistance  
PTUA = Part-time Unemployment Assistance