

# National Traveller Money Advice and Budgeting Service

## Pre Budget Submission

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For 2011 Budget



## Background

National Traveller MABS (NTMABS), a leading advocate for the financial inclusion of Travellers in society, has been successfully providing a valuable service to Travellers, Traveller organisations and MABS both at local and national level since 2005. As the only government funded, minority specific service in the state, NTMABS works towards empowering the Traveller community in Ireland in accessing legal and affordable savings and credit. Over the past number of years, NTMABS has gathered extensive information on the issues prevalent for Travellers in Ireland such as exclusion from mainstream financial services, the prevalence of illegal money lending in the community and issues regarding financial literacy.

There are approximately 22,400 Travellers living in Ireland (Census 2006), forming as such the largest indigenous minority in the country. Recent equality legislation has recognised the Community to be one of the most excluded and marginalised groups in Irish society<sup>1</sup>. While it is difficult to ascertain the extent and nature of personal over indebtedness within the Traveller community, as Travellers are not covered by the National Household Surveys carried out by the Central Statistics Office (CSO)<sup>2</sup>, it is likely that Travellers are at higher risk of over indebtedness to illegal money lenders due to the difficulty many face in accessing legal and affordable savings and credit. The 2006 Census revealed that only 13.8% of Travellers aged over 15 were employed compared to 57.2% of the overall population. Barely 0.8% of the Traveller population had achieved third level education, compared to 30.5% of the general population. While the percentage of the Traveller population under 15 was calculated at 41.4% compared to 20.4% of the general population, health studies have shown mortality rates to be higher among the Traveller population. The All Ireland Traveller Health Study 2010<sup>3</sup> has revealed that the life expectancy in Traveller males is at a similar level to that of the general population in 1945-1947 when it was 60.5 years (Central Statistics Office, 2009b). A male Traveller now can expect to die 15.1 years before his general population counterpart. Similarly Traveller females now have a level of life expectancy experienced by the general population in 1960 to 1962 when it was 71.9 years (Central Statistics Office, 2009a).

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<sup>1</sup> The fact the Equal Status Acts 2000 and 2004 prohibit discrimination on nine grounds, one of the grounds being membership of the Traveller community, is evidence of the marginalisation and exclusion Travellers face in society.

<sup>2</sup> E.g. The Annual Survey of Income and Living Conditions (SILC). Annual survey conducted by the Central Statistics Office (CSO) to obtain information on the income and living conditions of different types of households. The survey also collects information on poverty and social exclusion.

<sup>3</sup> All Ireland Traveller Health Study; School of Public Health, Physiotherapy and Population Science, University College Dublin; 2010

## Economic Context

In devising this Pre Budget Submission 2010, National Traveller MABS recognises the impact the current economic crisis is having on state finances. However in attempting to address the imbalance in the states financial accounts, we must remain mindful of the financial pressure most people in the country are experiencing. The upsurge in MABS clients together with the change in the client profile of MABS is an indication of the impact the economic crisis is having on all. With a increase in the number of those previously on a middle income now experiencing unmanageable and often more complex debt, much of the debt now being recorded in MABS is due to the over exposure by many to legal credit.

However this overexposure to legal credit contrasts greatly to the experience of many marginalised groups, such as the Traveller community, who have suffered consistently from financial exclusion. The increased demands on an already overstretched health, education, housing and welfare service by the new poor, together with the shrinking employment market is contributing to the further exclusion from services of marginalised groups who have always struggled to have their voices heard. NTMABS in developing its Pre-budget submission 2010, seeks to ensure a voice for many within the Traveller community who are excluded or may be excluded in the future from accessing necessary services and supports which would support capacity building within the community.

We have identified a number of critical areas; welfare, employment, health, education/ training/childcare, banking, housing and equality , which must be protected in order to avoid increasing social deprivation as we as a country work to regain a healthy economic climate. During the years 1998-2008, investments were made to improve social inclusion in the above areas. Unravelling such important strides now makes no sense. Instead we propose using the current crisis to build an inclusive and more productive society. We would urge that the importance of a balance in the interaction of the social and economic aspects of society is acknowledged and highlight the importance of carrying out a social impact assessment study before any further cuts in social spending are undertaken.

## 1. Welfare

***Social welfare is in place to shelter the most*** vulnerable. Safeguarding the structures in existence and carrying out social impact assessments on any possible changes to such current provisions will ensure the anxieties of hard pressed families and pensioners are dispelled, child poverty is avoided and possible economic empowerment is achieved by preventing people being driven into a poverty trap and further debt.

National Traveller MABS calls on the following provisions to ensure the most financially vulnerable in society are protected:

- Do not cut the basic social welfare payment for adults and children.
- Re-instate the Christmas Bonus, which reflects a 2% cut in income for welfare recipients
- Re-instate the full rate of social welfare payment for 18 and 19 year olds.
- Do not remove what has been termed ‘double payments’ in the McCarthy report until considerable work is undertaken to re-design a more client centred social welfare system.
- Do not cut universal child benefits.
- Restore the full child benefit payment in lieu of 18 year old to ensure that its discontinuation does not exacerbate the issue of early school leaving.
- Ensure that people remain on jobseekers benefit for a minimum of 12 months as less than twelve months duration reduces an unemployed person’s eligibility for education, training and employment schemes.
- Increase the number of hours a Carer is permitted to work from 15 to 19.5 – to be eligible for Community Employment Scheme.
- Introduce further measures to improve social welfare systems so that people who become unemployed have their claims processed and paid as quickly as is possible.
- Abolish the habitual residency clause which impacts on many who have contributed to the Irish economy or have an entitlement to reside here.
- Increase payments to those in direct provision, they have remained static for 10 years.
- Do not remove the Exceptional Needs Payment, it is the scheme of ‘Last Resort’ for very vulnerable people.
- Consider introducing a loan fund, for small household and family expenses for those on social welfare, similar to the UK social fund.

## 2. Employment

Research into the economic activities of Traveller culture identifies an emphasis on income generation rather than wage employment. Barriers to Travellers accessing the mainstream labour market include educational standard, lack of role models and discrimination. The majority of Travellers are unemployed and are dependent on social welfare payments<sup>4</sup>. Such high level of unemployment within the community remained with us throughout the boom. In order that the issue be positively addressed National Traveller MABS urges that the 2010 budget;

- Make provision for diversity awareness in job creation and training, for example adopting an interagency approach, including engaging with Traveller representatives and other marginalised groups.
- Protect secondary benefits to encourage people back into the workforce.
- Ensure the necessary supports are in place, for example childcare, in order that the most vulnerable take up employment.
- Ensure employment schemes have a route to more permanent postings and do not eradicate the benefit of working through the loss of secondary benefits.
- Extend the duration a participant can stay on Back to Work Enterprise Allowance (BTWEA) to three years in order to allow a business become established and allow participants to avail of Family Income Supplement.
- Reverse the decision to cut the entitlement to access FÁS training funding for Travellers assessed adult dependent on their spouses.
- Attend to the welfare implications for people in self-employment.
- Do not cut the Minimum Wage.
- ***The recent cuts in the Community Sector have resulted in a lack of affordable childcare within many communities. This will discourage parents of young children from taking up employment.***
- Retain the Community Employment Allowance for those employed on FÁS registered schemes.
- Re-introduce the Back to Work Allowance and target it at the long-term unemployed and other long-term social welfare recipients.
- Investigate welfare options for people working in irregular or reduced hours, to encourage people to stay in or accept employment.
- Revive the Jobs Initiative and target particularly excluded groups such as Travellers.

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<sup>4</sup> Report of the Task Force on the Travelling Community, 1995

### 3. Taxation

In order that those caught in the poverty trap are encouraged into employment, National Traveller MABS believes there must be no further increase in the tax burden on the lower paid.

- There should be no increase in income tax for the lower paid.
- The tax net should not be widened to include the lower paid.
- The Health and levy should not be increased for the lower paid.
- Remove anyone earning less than National Minimum Wage from the income levy.
- Ensure social welfare payments, as of yet untaxed, are not brought into this category. Such payments play a critical role in supporting individuals living below the poverty line.
- Ensure Child Benefit is not taxed.

### 4. Health

At all ages and for all causes of death, Travellers experience a higher mortality than the general population<sup>5</sup>. This discrepancy will only be addressed when and holistic, equitable and accessible health service is available for all. National Traveller MABS calls for the following steps to be taken in the 2010 Budget, in order that we begin to move towards the attainment of such a health service.

- Increase the income threshold for accessing a medical card to above the minimum wage to promote the uptake of employment.
- Reduce the Drug Payment Scheme threshold to €100 a month.
- Ensure the €5 charge for prescriptions is not imposed on medical cardholders and the long term ill.
- Ensure the A & E charge, if attending without a doctor's referral letter, is not increased.
- Ensure the additional 40 Child and Adolescent Mental Health Teams committed to in the period 2006 to 2010 are delivered.
- That following the all Ireland Traveller Health Study, serious consideration is given in the budget to supporting and promoting Traveller primary health care and counseling services.

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<sup>5</sup> All Ireland Traveller Health Study; School of Public Health, Physiotherapy and Population Science, University College Dublin; 2010

## 5. Education, Training and Childcare

National Traveller MABS places huge importance on Education as a means of empowerment. While we work mostly in the field of community education, though our work with partner organisations, we promote lifelong learning and increased participation by Traveller youth in education. Participation by Travellers in the education system has for a long time been a cause of concern for both the Traveller community itself and the State. Lack of participation and lack of intercultural materials in the curriculum are some of the issues cited as problem areas. However while Traveller participation in secondary and tertiary education still falls short of the majority population, there has been a striking increase in the number of Travellers undertaking secondary education and this we hope will continue to grow. However the benefits of such developments will only be felt within the Community if supports are put in place at all levels of education. In order for this to happen, National Traveller MABS calls on the 2010 budget to:

- **Retain school transport schemes for Travellers to encourage the increasing numbers of Travellers attending second level.**
- ***Reverse cuts in the Capitation given to schools with Traveller Children (50% cut 2009)***
- Increase the income limits for accessing the Back to School Clothing & Footwear Allowance, in particular for one-parent families and apply this upper limit to all incomes including Community Employment schemes.
- Increase investment in education and training and develop a broad spectrum of quality and accessible training that meets the needs of the participant and that provides clear progression to employment.
- Increase CE places for the more vulnerable groups such as Travellers, the long term unemployed, lone parents, and people with disabilities.

## 6. Banking

NTMABS is confident that the imminent changes in banking policies and practices together with current EU and state policy decisions will ultimately lead to improved financial inclusion for the more marginalised in society. The National Payments Implementation Programme (NPIP) designed to deliver a payments infrastructure that is “inclusive of all sectors of society, and shares the benefits universally”<sup>6</sup> will we hope address some of the issues of financial exclusion. The Financial Regulator's statutory Consumer Protection Code and Consumer Protection Code for Licensed moneylenders will ensure easier access to and use of financial services. The Article 45<sup>7</sup> of the Credit Institutions (Financial Support) Scheme places a statutory obligation for ‘Corporate Social Responsibility’ on the banks covered by the state guarantee. The banks are required to report to the Minister on a wide variety of issues, including, their actions in the areas of “the promotion of financial inclusion, and the development of financial education”. In the midst of the current economic crisis, such changes afford Ireland the opportunity to build an inclusive and transparent banking system for the future that will ensure financial inclusion for all.

National Traveller MABS hopes this new order will encourage alternatives from main stream banking. We trust research undertaken by the former Combat Poverty Agency on managing a low income in the context of an increasingly electronic economy will, promote appropriate options for the more marginalised in society. Possible options currently growing in importance worldwide are that of pre-paid credit cards and mobile phone money services. Such initiatives have been operating and gaining continuous momentum for the past number of years among the unbanked in developing countries. However in the US and Europe, growing importance is now being placed on them with some providers even including a savings mechanism. Both the prepaid cards and the mobile phone money services are being used as a means of safe payment for person to person money transfer. While a prepaid credit card has recently been introduced in Ireland, we are hopeful that the 2010 budget will be cognisant of possible alternatives to mainstream finance that may be examined to support economic growth while at the same time empowering the more marginalised in society.

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<sup>6</sup> Irish Payments Services Organisation: [www.ipso.ie](http://www.ipso.ie) : (Homepage)

<sup>7</sup> Article 45: Corporate Social Responsibility : “Each covered institution shall procure that the Irish Banking Federation, on behalf of all covered institutions, submits a bi-annual report to the Minister on goals and targets laid down by the Minister in relation to Corporate Social Responsibility, including the goals and targets with respect to the objectives of this Scheme, the delivery of the national payments strategy, the promotion of financial inclusion, the development of financial education and the implementation of the next phase of the Government’s Social Finance Initiative. This report shall also be published on each covered institution’s website within 5 working days of being issued”.



However there is an obligation for further social dividends in the light of the overhauling of the banking sector. With the tax payer bearing the bulk of the costs of NAMA, legislation should provide for a social return in the guise of houses, schools, health centres, sports and other community facilities. The opportunity to correct bad governance on the part of both the state and private financial institutions should be taken. Legislation should replace 'the code of practice' among all financial service providers.

## 7. Housing and Utilities

In 2008 it was estimated that 38% of Travellers were living in standard housing; 18% in private rented accommodation, 5% in private housing, 4% in shared housing, 6% in housing of their own resources, 8% in group housing, 1% in social housing, 13% in halting sites, and 7% on unauthorised sites<sup>8</sup>. National Traveller MABS advocates on behalf of Travellers residing in all types of accommodation. Therefore issues pertaining to unmanageable mortgage payments, reduced rent allowance, increasing utility bills and homelessness, must be addressed. National Traveller MABS therefore makes the following recommendations in relation to Budget 2010.

- ***That there is recognition that caravans are homes for many Travellers and social lending structures are explored which would ensure Travellers could access affordable sustainable loans.***
- That provision be set aside for the implementation of an efficient and realistic caravan loan and grant scheme by the Department of the environment.
- That no reduction is made to the Fuel Allowance payment in Budget 2010.
- That there is no further increase in the contribution by tenants to rent when receiving in Rent Supplement (RS) supports
- That rent supplement tenants are not expected to negotiate a rent reduction with their landlords, rather this is done by the department of Social and Family affairs, to avoid placing the burden on tenants with no bargaining power.
- That people on rent supplement for more than 6 months are transferred onto the rental accommodation scheme
- That Mortgage Income Supplement is revised to ensure that families are eligible when there is one part time income being received.

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<sup>8</sup> National Traveller Accommodation Consultative Committee Annual Report 2008

- That the possibility of empty properties in the control of NAMA being used as potential homes for families in need is explored.
- That the commitments contained in Towards 2016 and the National Action Plan for Social Inclusion with regard to social housing is carried through.
- That the cost of reconnection for those whose electricity has been disconnected from non-payment is reduced.
- That further energy efficient schemes are introduced to encourage people to undertake energy reducing initiatives in the home, thereby reducing energy bills.

## 8. Equality

Equality in not just the financial sector but in all sectors of society is core to the vision of National Traveller MABS. The current economic crisis is taking its toll on advances made over the last decade in the area of equality promotion and assurance. However it is at precisely such challenging times that the need for such protections is most needed, with an increasing number of reported cases of racism and discrimination. To this end, National Traveller MABS calls for the following to be considered in the 2010 budget.

- That adequate funding to the Equality Authority is provided to enable it fulfil its functions.
- That measures are put in place to ensure that the new division in government departments delivers on commitments regarding poverty and social inclusion.
- That a strategy is developed to ensure the work of the National Action Plan Against Racism is progressed.
- That funding is provided for the implementation of ***The National Homeless Strategy, The Traveller Education Strategy and the National Drugs Strategy.***
- That sufficient funds are assigned to MABS to ensure that all in need of advice receive help and adequate resources are available for the promotion of comprehensive debt prevention and financial literacy community education programmes.

This Pre-budget Submission prepared by National Traveller MABS in October 2010, identifies possible improvements in the area of welfare, employment, taxation, education/training/ childcare, health, housing and equality which if adopted, NTMABS believes, will improve the lives of the more marginalised in society by protecting incomes, encouraging education and training, promoting participation in the labour market, improving health and ultimately increasing spending once more in the economy.