

**Legislative Council  
of the  
Hong Kong Special Administrative Region**

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**Delegation of the  
Subcommittee to Study the Subject of  
Combating Poverty**

**Report on the duty visit to study  
the anti-poverty strategy and measures  
in the United Kingdom and Ireland**

**19 to 24 September 2005**

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## **Acknowledgments**

The delegation wishes to thank all the distinguished individuals, including Members of Parliament, senior government officials, academics and community workers with whom the delegation met during its visit to London and Dublin from 19 to 23 September 2005. The delegation is most grateful to them for their detailed briefings and useful exchanges of views and information with the delegation.

The delegation wishes also to thank the Consul-Generals of the United Kingdom and Ireland in the Hong Kong Special Administrative Region, and the Hong Kong Economic and Trade Offices in London and Brussels for their kind assistance in putting together the visit programme and making the logistical arrangements.

## **Chapter 1 : Introduction**

### **Purpose of the report**

1.1 A delegation of the Subcommittee to Study the Subject of Combating Poverty of the Legislative Council (LegCo) visited the United Kingdom (UK) and Ireland in September 2005 to study the formulation and implementation of anti-poverty strategy and measures in these two countries. The report presents the main findings and observations of the delegation.

### **Membership of the delegation**

1.2 The delegation comprised the following Members –

Hon Frederick FUNG Kin-kee (Subcommittee Chairman and leader of the delegation)

Hon LEE Cheuk-yan (Subcommittee member)

Hon LEUNG Kwok-hung (Subcommittee member)

Dr Hon Fernando CHEUNG Chiu-hung (Subcommittee member)

1.3 Miss Betty MA, Senior Council Secretary (2)1, accompanied the delegation on the visit.

### **Purpose of the visit**

1.4 The Subcommittee was set up under the House Committee of LegCo to study the subject of combating poverty. The Subcommittee decided to send a delegation to visit UK and Ireland to obtain first-hand information on how these two countries formulate and implement strategies to reduce poverty. UK and Ireland were selected because both countries have effectively implemented anti-poverty strategies to cope with the impact of economic restructuring, and their respective experience will provide useful reference for Hong Kong in alleviating poverty.

### **Visit programme**

1.5 The delegation visited London (UK) and Dublin (Ireland) from 19 to 24 September 2005. The delegation met with government officials, parliamentarians, academics and community workers. The delegation also visited a Sure Start Local Programme run by a community association in London. Further details of the programme of the visit are in **Appendix I**.

## **Chapter 2 : Anti-poverty strategy and measures in the United Kingdom**

### **Visit programme**

2.1 During the stay in London, the delegation visited the Social Exclusion Unit, the Department for Work and Pensions, the Department of Education and Skills and the Low Pay Commission, and received briefings on the anti-poverty strategy and measures of the United Kingdom (UK) Government. To better understand the implementation of the measures at the community level, the delegation also visited a community association which runs a Sure Start Local Programme. The delegation also met with some academics at the London School of Economics and Political Science and exchanged views with them on the effectiveness of the UK Government's efforts to reduce poverty.

### **Social exclusion in the United Kingdom**

#### Social Exclusion Unit, Office of Deputy Prime Minister

2.2 The delegation received a briefing on the anti-poverty strategy adopted in UK by Miss Susan ACLAND-HOOD of the Social Exclusion Unit. The delegation also exchanged views with officials of the Unit on the challenges in tackling poverty and social exclusion.

2.3 The Social Exclusion Unit was established by the Prime Minister in December 1997 to help reduce social exclusion in England. The Unit was placed under the Office of the Deputy Prime Minister in May 2002.

2.4 According to the Social Exclusion Unit, social exclusion refers to the process whereby certain groups are shut out from society and prevented from participating fully by virtue of their poverty, discrimination, inadequate education or life skills. This distances them from job, income and education opportunities as well as social and community networks, and they have little access to power and decision-making bodies.

2.5 The major functions of the Social Exclusion Unit are to improve the Government's action to reduce social exclusion by working across government agencies to produce long-term and coordinated solutions to inter-related social problems, and to work on specific projects agreed by the Deputy Prime Minister, based on consultations with the Prime Minister and other Ministers as well as suggestions from interested groups.

2.6 Regarding the working relationship between the Social Exclusion Unit and other government departments, Miss ACLAND-HOOD advised the delegation that as the Unit and the Cabinet Office were within the purview of the Deputy Prime Minister, anti-poverty proposals were circulated among and cleared by Ministers sitting on the Cabinet. As such, recommendations and reports of the Unit, including outstanding action checklists, already had the agreement and support of the relevant departments before publication.

#### Overview

2.7 According to the Social Exclusion Unit, there is no official poverty line to measure poverty, nor a single definition of poverty. The extent of the poverty problem is reflected by the scale of different forms of social exclusion in the country. In the mid 1990s, UK faced high levels of social exclusion as compared with other European Union countries. The scale of different forms of exclusion in the country was reflected by the following –

- (a) 1% of the population was affected by the most extreme forms of multiple deprivation (e.g. pregnancy under 16 or exclusions from school);
- (b) almost 10% of the population suffered significant problems (e.g. 9% of those between 16 and 18 years old were not in learning or work in 1997, and 10% of young men aged 18 to 24 were alcohol dependent); and
- (c) about one-third of the population were at risk in some way (e.g. one in three children were growing up in low-income households).

2.8 When the Labour Government came to office in 1997, it accorded priority to tackling the social exclusion problems.

## Policy direction for tackling poverty and social exclusion

2.9 In 1999, the UK Government set out the national strategy and policies for tackling poverty and social exclusion in an annual report entitled “Opportunity for all”. The anti-poverty strategy is characterised by the “life-cycle approach”, which targets intervention at key stages in people’s lives. Children and youth, people of working age and the elderly are the focal groups.

2.10 According to the Social Exclusion Unit, the strategy adopted by the UK Government for tackling poverty and social exclusion places a high priority on bringing about maximum participation in the labour market. The UK Government recognises the importance of work in getting people of working age out of poverty, and in providing the best safeguard against subsequent poverty in old age.

2.11 Under the “life-cycle approach”, the Government’s vision is to ensure that every child gets the best start in life, and to give parents more choices between work and family life. Providing more support to families is fundamental to ending child poverty, expanding opportunities across generations, and breaking the cyclical effects of deprivation.

2.12 Miss ACLAND-HOOD advised the delegation that to exert pressure on government departments to set anti-poverty targets, the Chancellor of the Exchequer had linked performance targets for individual government departments with the departments’ budget. The HM Treasury would negotiate with government departments on the targets to be achieved within a specific time period in return for funding, and the targets would be set out in the Public Service Agreements (PSA). Many of these PSA targets were related to tackling poverty and social exclusion, such as reducing the number of children in low-income households by one-half between 1998-99 and 2010-11, and eradicating child poverty by 2020. A list of the current PSA targets is in **Appendix II**.

2.13 To monitor the implementation of the strategy to tackle poverty and social exclusion, the Government had established a multiplicity of indicators in 1999 when the first “Opportunity for all” report was published. The indicators are reviewed annually to ensure that they capture the evolving strategy. In the report entitled “Opportunity for all : Sixth Annual Report 2004”, 58 indicators were introduced. To tie in with the Government’s “life-cycle approach” to tackle poverty, these indicators are mainly organised according to different

stages of the life cycle of an individual, with different sets of indicators for children and youth, working age people and the elderly. These indicators assess the overall progress by looking at the trend since the baseline year, i.e. 1997, for example, the reduction in the number of children living in workless households since 1997. A list of the 58 indicators for different age groups is in **Appendix III**.

### Major challenges

2.14 Miss ACLAND-HOOD informed the delegation that as a result of the Government's efforts in tackling social exclusion problems, reduction in child poverty was one of the most notable achievements in UK. The number of children in low-income households fell by 700 000 between 1997 and 2004. It was estimated that by 2004-05, there would be 1.5 million more children in poverty, if the Government had not taken any actions to reduce child poverty.

2.15 There are five key problems which will continue to drive social exclusion, and they will need to be made priorities over the next few years. These problems are low educational attainment among some groups; economic inactivity and unemployment for some groups of people; inequalities in healthcare system; concentrations of crime and poor quality environment in some areas; and homelessness. Moreover, the Social Exclusion Unit recognises the need to continue to support those who have made progress in getting out of poverty, so that they do not slip back into a state of vulnerability.

### **Government departments involved in tackling poverty**

2.16 To better understand the major anti-poverty measures adopted in UK, the delegation visited the Department for Work and Pensions and the Department of Education and Skills. They are the two main government departments responsible for implementing anti-poverty measures.

### Department for Work and Pensions

2.17 The Department for Work and Pensions, which is headed by the Secretary of State for Work and Pensions, is responsible for the Government's welfare reform agenda. It delivers support and advice to children, people of working age, pensioners, and disabled people and their carers. The service delivery partners of the Department for Work and Pensions include other government

departments. It works with, for example, the HM Inland Revenue to deliver tax credits. It also works with the Department of Education and Skills to deliver the Sure Start programmes. In addition, it works with employers, local authorities, voluntary sector, commercial partners and associate bodies to deliver employment programmes. The Department for Work and Pensions has established the Participation Working Group, which comprises grassroots participants from the voluntary and community sector, to collect the views of those experiencing poverty for the preparation of the national plan to reduce poverty.

2.18 The delegation received briefings on anti-poverty measures within the purview of the Department for Work and Pensions by Miss Nicola GILPIN, the Economic Adviser, Miss Julia SWEENEY, Head of Family Poverty and Work Division, and Miss Yasmin GHAZALI, an official of the Pensions Division.

#### Sure Start Unit, Department of Education and Skills

2.19 The Sure Start Unit was established in 2002 in the Department of Education and Skills to help deliver the Sure Start programmes. Sure Start is an inter-departmental initiative which aims to deliver the best start in life for every child by bringing together early education, childcare, health and family support services for children and their families (paragraphs 2.45 and 2.46 below refer). The delegation received a briefing on the programme by Mr Colin CURTIS, the Manager of the Sure Start Unit of the Department of Education and Skills.

#### Major anti-poverty measures

2.20 The delegation notes that the anti-poverty measures are introduced to meet the specific needs of an individual at different stages of the life cycle. These measures aim to tackle poverty by bringing about maximum participation in the labour market, providing financial support to low-income families, promoting financial security in old age and delivering a best start in life for children. Details of these anti-poverty measures are described in paragraphs 2.21 to 2.46 below.

## **Measures to bring about maximum participation in the labour market**

2.21 According to the Department for Work and Pensions, Jobcentre Plus and New Deals programmes are introduced to bring the unemployed back to work, which is regarded as the best route to bring people of working age out of poverty. All the unemployment and other welfare payable to those aged 18 to 65 is delivered by Jobcentre Plus which combines payment of benefits with active labour market interventions by providing one-stop service. Jobcentre Plus which was launched in 2002 is part of the Department for Work and Pensions. The aim is to provide a service based on the needs of the individual and to maintain continuous attachment with the labour market. Jobcentre Plus renders employment assistance to people who are on inactive benefits or those who are required to seek work on the Jobseekers Allowance.

2.22 New Deals programmes are delivered through Jobcentre Plus, and are the major strategy in the UK Government's "welfare to work approach". Launched in 1998, the New Deal approach was originally focused on young people (aged 18 to 24) who had been unemployed for six months or more. It has now been extended to older workers (aged 25 or above) on Jobseekers Allowance who are unemployed for 18 months or more, single parents, and the sick and disabled who have not been offered personalised support to help them find work.

2.23 Under the New Deals programmes, personal advisers will support job seekers in the process of searching for work. If jobsearch is unsuccessful, support will be provided to address their barriers to employment such as lack of training and experience. The key New Deals programmes involve an element of compulsion, as failure to participate the programme after a specified period of receiving unemployment benefits will lead to withdrawal of benefits.

2.24 According to Miss Nicola GILPIN, the Economic Adviser of the Department for Work and Pensions, the launch of Jobcentre Plus and New Deals programmes have benefited the long-term unemployed. All people aged 18 to 24 and more than 90% of people aged 25 to 50 can find employment in one year's time and leave the unemployment register. This represents a reduction in the number of long-term unemployed adults by some 75% between 1997 and 2004. As a result, the unemployment rate fell from 10% in 1993 to 4.7% in 2004. In 2004, 28 million people were in employment as against a total workforce of about 30 million. This represents an increase of approximately 1.9 million people in employment between 1997 and 2004. The success is

attributed to the one-stop service for benefits and help into work. Moreover, the need to attend compulsory work-focussed interviews conveys a clear message to the participants that they have to make efforts to seek employment in return for benefits.

2.25 To bring more single parents back to employment, the Department for Work and Pensions is drawing up a plan for single parents with older children under which they are asked to engage in work-related activities in preparation for returning to work. A weekly activity premium of £20 (HK\$281)<sup>1</sup> will be given to a single parent as incentive for undertaking the agreed activity.

2.26 Miss GILPIN also advised the delegation that the labour market in UK was flexible and diversified in terms of working hours and types of job. Owing to the economic prosperity and the flexibility and diversity of the labour market, there were a large number of vacancies, in particular part-time jobs that continually came up in the labour market. The clients of Jobcentre Plus were largely the targeted employees being looked for. The Department for Work and Pensions did not see any mismatch problems where the low-skilled workers could not find employment simply because they did not possess the skill required for taking up the vacancies.

## **Measures to provide financial support to low-income families**

### Tax credits

2.27 According to the Department for Work and Pensions, the introduction of tax credits is centred to the UK Government's strategy to tackle child poverty. Tax credits are intended to increase the level of financial support targeted at low-income families, and to improve the incentives to work by the parents, particularly single parents, in these households. The entitlement of tax credits is calculated against income tax. If the entitlement is greater than the tax liability, a cash payment will be made to the families. For low-income families, tax credits are primarily cash benefits. There are two major tax credits, viz. Child Tax Credits (paragraphs 2.29 to 2.31 below refer) and Working Tax Credits (paragraphs 2.32 to 2.34 below refer).

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<sup>1</sup> The calculation was based on the average exchange rate of HK\$14.05 per British pound in October 2005.

2.28 The tax credits are administered by the HM Inland Revenue. Currently, there are six million families receiving tax credits, and over 20 million people, including 10.5 million children, are benefiting from tax credits.

2.29 Child Tax Credit was launched in April 2003. From April 2005, the child element of the Child Tax Credit is £1,690 (HK\$23,905) a year. Child Tax Credit is for people who are responsible for taking care of at least one child, or for qualifying young people, and it is not conditional on the parents being in work. Child Tax Credit is paid in addition to Child Benefit<sup>2</sup> for the first child of those families with an income of less than £14,480 (HK\$203,733) a year, and is paid directly to the person who is mainly responsible for caring for the child or children.

2.30 Child Tax Credit comprises various elements which are determined by family circumstances, such as family element, supplement for a child's first year, per-child element, and disabled child element. The values of these elements are added together, and the entitlement is determined in relation to family income.

2.31 The UK expenditure on Child Tax Credit was £1.33 billion (HK\$18.7 billion) in 1997-98 and £9.14 billion (HK\$128.6 billion) in 2003-04. In April 2004, 7.2 million children were benefited.

2.32 The Working Tax Credit was introduced alongside the Child Tax Credit in April 2003. Families can claim both Child Tax Credit and Working Tax Credit. Working Tax Credit is designed to provide financial resources for low-income working adults. It is paid to persons who are employed or self-employed and who work 16 hours or more a week.

2.33 The Working Tax Credit also has a Childcare Tax Credit element. As part of the Working Tax Credit, the claimant may receive assistance to cover the costs of childcare. This is paid directly to the person who is mainly responsible for caring the child or children, alongside payments of Child Tax Credit. The Childcare Tax Credit covers 70% of eligible childcare costs up to a ceiling, and is subject to withdrawal when family income rises.

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<sup>2</sup> Child Benefit is a universal benefit paid at £3,030 (HK\$42,632) a year.

2.34 According to Miss Julia SWEENEY, Head of Family Poverty and Work Division of the Department for Work and Pensions, the Government is providing substantial support for childcare costs through the Working Tax Credit. The introduction of Child Tax Credit and Working Tax Credit provides incentives for single parents and low-income workers to enter into and stay in the paid employment, which attributes to a large extent to the reduction of number of children living in workless families. The employment rate of single parents has been increased from 45% in 1987 to 56% in 2005 (an increase of 11%) and 200 000 fewer single parents are on Income Support (paragraph 2.36 below refers) since 1997.

2.35 A means-tested Working Families Tax Credit was introduced in 2003. It is paid through the employers. According to Miss SWEENEY, the payment arrangement encourages the low-income workers to stay in employment in return for the benefits.

#### Income support

2.36 Income support is a subsidy payable to those individuals and families on low income who are not eligible for unemployment benefits and the Working Tax Credit because they have not worked for more than 16 hours per week. The entitlement is calculated on the basis of household circumstances. Although Income Support receives much less attention than tax credits, around one million low-income single parents were in receipt of the subsidy in November 2003. According to Miss SWEENEY, Income Support provides financial security for those from low-income families and encourages them to seek part-time employment instead of relying on unemployment benefit.

### **Measures to promote financial security in old age**

#### Old age benefit systems

2.37 According to the Department for Work and Pensions, there are two types of old age benefit systems in UK, viz. the contributory benefits (i.e. State Pension) and means-tested non-contributory benefits.

2.38 To be eligible for the State Pension, a person has to make the National Insurance Contributions. The state pension age is 60 for women and 65 for men. The Department for Work and Pensions plans to set the state pension age at 65 for both men and women between 2010 and 2020.

2.39 Means-tested non-contributory benefits including Minimum Income Guarantee and Pension Credit are also introduced to combat old age poverty. These measures are described in paragraphs 2.40 to 2.42 below.

#### Minimum Income Guarantee

2.40 Minimum Income Guarantee was introduced from April 1999. It provided a minimum income for all elderly through Income Support. From October 2003, it was subsumed under Pension Credit.

#### Pension Credit

2.41 Introduced in October 2003, Pension Credit provides a guaranteed level of income for all elderly aged 60 or above. It ensures that no one aged 60 or above lives on an income of less than £109.45 (HK\$1,540) a week (£167.05 (HK\$2,350) for couple). Presently, around 2.7 million households receive Pension Credit, on average, of £41.47 (HK\$583) per week. The delegation was informed that Pension Credit was payable upon application. To further encourage eligible elderly to apply for Pension Credit, the Department for Work and Pensions was considering introducing an on-line application system, completing application over free phone call, and application by authorised third person.

#### Other benefits

2.42 Winter Fuel Payments and additional amount for housing costs, severe disability and caring responsibilities are payable to pension households, where appropriate.

2.43 According to the Department for Work and Pensions, the number of elderly living in absolute low income fell by 1.8 million between 1996-97 and 2002-03.

2.44 Miss Yasmin GHAZALI, an official of the Pensions Division of the Department for Work and Pensions, advised the delegation that the Department for Work and Pension's major challenge in the medium to longer term was the increasing demand for elderly care arising from the ageing society. The Pension Act 2004 was passed to encourage people to extend their working lives by improving the reward for those who deferred taking their State Pension. Under the Act, people could defer taking their State Pension when they reached the State Pension age, and got a higher entitlement when they finally started to draw their pensions. Miss GHAZALI pointed out that there was a heated debate in UK as to whether financial security in retirement should be ensured by increasing the payment under the State Pension or Pension Credit. The Pension Commission was studying how the pension systems could best be reformed so as to ensure security in retirement. The Commission's report and recommendations would be available in November 2005.

### **Measures to deliver the best start in life for children**

#### Provision of affordable childcare

2.45 According to the Department of Education and Skills, full-time childcare costs for a child under two in the northwest of UK are £97 (HK\$1,364) a week, whereas nursery costs in inner London are as high as £168 (HK\$2,364) per week. The Government pledges to provide affordable childcare so as to deliver the best start in life for every child. The UK Government has introduced an entitlement of 12.5 hours a week of free early education for all three to four years old children. The Government is also pioneering community-based Sure Start Local Programmes providing support to families with young children (paragraphs 2.45 and 2.46 below refer). Sure Start aims to bring together early education, childcare, health and family support services for children and their families.

#### Sure Start Local Programmes

2.46 Launched in 1998, Sure Start Local Programmes provide a range of services in the areas of early years, health, parenting and family support to disadvantaged pre-school children and families. About 70% of the programmes are run by local governments, and the remainder by a mixture of local governments and non-government organisations. There are currently 524 Sure Start Local Programmes in England, offering services to over 400 000 children.

2.47 According to Mr Colin CURTIS, the Manager of Sure Start Unit of the Department of Education and Skills, the Government is moving towards providing local children centres in place of local programmes. The Government pledges to provide each community with a Sure Start children's centre offering services for children under five and their families by 2010. Additional resources (an increase of 24%) have been allocated for the Sure Start programmes since 1998.

2.48 To better understand the implementation of Sure Start Local Programmes at the community level, the delegation visited the Sure Start Euston located in London and run by St Pancras Community Association. Sure Start Euston is one of the very first of the 524 Sure Start Local Programmes in England. It delivers services to an area with about 1 800 children under four years old, mostly living in social housing. The delegation received a briefing on the Sure Start Euston Local Programme by the Programme Manager and met with some parents of the children attending the programme.

2.49 Sure Start Euston's home-visiting Family Support Team offers personal advice and support to every local family with children under four years old. Its Parent Support Workers come from a wide range of local agencies. Each worker can enlist the support of specialists, including a speech therapist, a clinical psychologist and a midwife. These specialists are seconded to Sure Start for part of the week, working together so that families have to meet only one worker to access a wide range of skills and information. Each worker also works in their home agency, facilitating referrals to and from Sure Start.

2.50 With the support of Sure Start Euston, Neighbourhood Parents' Forums are formed. The Forum is a local community meeting place run by parents of children aged 0 to 3 years old where they meet to discuss their needs and to give their views to local government and service providers. Each Forum has a budget to fund local services and activities through grants, which is an one-off grant of up to £5,000 (HK\$70,350).

2.51 At the meeting with the parents, they informed the delegation that after participating in programmes run by Sure Start Euston, they learnt how to better take care of their children and seek immediate professional advice and assistance when needs arose. These parents also informed the delegation that Sure Start Euston recruited parents and trained them to become volunteers. Participation

in the volunteer work helped them regain confidence in life and provided them with invaluable working experience. After attending skills training courses funded by Sure Start grants, such as computer training and interview skills, some of these parents had re-entered the employment market. Consequently, their household income had increased.

### **Minimum wage**

2.52 To understand the implementation of the minimum wage system in UK, the delegation also visited the Low Pay Commission. The delegation received a briefing by Miss Hazel HECTOR, the Deputy Secretary of the Low Pay Commission.

2.53 According to the Low Pay Commission, the National Minimum Wage is part of a wider UK Government's strategy to make work pay and to improve the financial incentive for people to work. It complements the tax and benefits systems. For many of those earning the minimum wage, their overall household income is substantially supplemented by tax credits and benefits.

2.54 The independent Low Pay Commission was established in 1997 as a result of the UK Minimum Wage Act 1998. It advises the Government and makes recommendations on the rate and other aspects of its operation at the request of the Government. The National Minimum Wage was introduced in April 1999. The initial level was set at £3.6 (HK\$ 51) per hour, i.e. the adult rate, for those aged 22 and over, and £3.0 (HK\$42) per hour, i.e. the youth development rate, for those aged 18 to 21. The youth development rate can also apply to workers aged 22 and above during their first six months in a new job with a new employer and who are receiving accredited training. A new rate at £3.0 (HK\$42) for 16 and 17 years old was introduced in October 2004.

2.55 On the recommendation of the Low Pay Commission, the adult rate of minimum wage will increase from the hourly rate of £4.85 (HK\$68) to £5.05 (HK\$71) in October 2005 and to £5.35 (HK\$75) in October 2006. The increase proposed for 2006 is subject to confirmation by the Commission in February 2006 that the economic conditions continue to make it appropriate. The youth development rate will increase from the present hourly rate of £4.25 (HK\$60) in October 2005 to £4.45 (HK\$63) in October 2006.

2.56 Miss Hazel HECTOR informed the delegation that the minimum wage requirement was also applicable to part-time work. The main beneficiaries of the increase in the National Minimum Wage were women, part-time workers, minority ethnic groups, young people and those who had a work-limiting health problem (i.e. about 10% of the total workforce in UK). On the enforcement of minimum wage requirement, Miss HECTOR advised the delegation that surprise inspections would be conducted at the workplace. In general, employers complied with the minimum wage requirement. She believed that it was because employers were fully consulted by the Low Pay Commission before it recommended an adjustment for the rate.

### **Meeting with academics at the London School of Economics and Political Science**

2.57 The delegation met with Professor John HILLS, the Director of Centre for the Analysis of Social Exclusion, Professor Peter TOWNSEND, Professor of International Social Policy, and Professor David PIACHAUD, Professor of Social Policy, at the London School of Economics and Political Science, and exchanged views with them on the effectiveness of the UK Government's efforts to reduce poverty.

2.58 Professor John HILLS considered that although there were no specific tools available to measure the effectiveness of the anti-poverty measures in UK, the Government had made progress in tackling poverty. Professor HILLS pointed out that the improvements in the poverty situation in UK had taken place during a period of steady economic growth which had in some ways made it easier to achieve the improvements, such as improvements in employment rates. It was not certain whether similar results could be achieved if the economy had been stagnant. Moreover, the magnitude of the problems in 1997 was very great in many respects, for example, child poverty and unemployment. This had made it relatively easy to bring down poverty and deprivation from historically high levels. In some respects, UK had become a more equal society. Nevertheless, Professor HILLS considered that sustained efforts would be required to make further progress and to reach groups not touched by the policy so far.

2.59 Professor Peter TOWNSEND and Professor David PIACHAUD agreed that the UK Government had made significant progress in combating poverty, in particular child poverty. Professor PIACHAUD pointed out that the UK Government's anti-poverty measures comprised three components –

- (a) changing taxes and benefits to provide extra financial support for families;
- (b) promoting paid work through the New Deals programmes; and
- (c) tackling generational poverty.

2.60 Professor PIACHAUD considered that there was still a very long way from achieving the UK Government's goal of abolishing generational poverty, but some progress had been made. Employment of single-parent families and work for low-income families were relevant measures to combat child poverty. Although combating child poverty incurred substantial costs, this would be rewarding by saving even greater costs for combating intergenerational poverty in future.

2.61 According to Professor TOWNSEND, the global anti-poverty measures which had been advocated for many years were economic growth, debt relief, overseas aids, and fairer trade through reform of the World Trade Organization. In his views, these were indirect measures. The assumption that economic growth was the poor's salvation depended on the prior establishment of major systems of redistribution of wealth through taxation and social insurance in the country. Professor TOWNSEND considered that among the measures promoted by the international community, the fundamental rights to social security and an adequate standard of living should be given priority.

### **Local Strategic Partnership**

2.62 Although the delegation was unable to meet with officials of the local authorities during the stay in London, the delegation notes that the UK Government encourages each local authority area to establish the Local Strategic Partnership to help deliver the social inclusion agenda. Social inclusion refers to the process which ensures that those at risk of poverty and social exclusion gain the opportunities and resources necessary to participate fully in economic, social and cultural life, and to enjoy a standard of living and well-being that is

considered normal in the society in which they live. It also ensures that these people have greater participation in decision making which affects their lives and access to their fundamental rights. The Local Strategic Partnership brings together, at a local level, representatives from the Government, businesses, as well as the voluntary and community sector so that different initiatives and services work together and support each other.

### **Observations of the delegation**

2.63 The delegation is impressed by the strong political will and commitment of the UK Government to tackle poverty and social exclusion. The delegation considers the establishment of the high-level Social Exclusion Unit under the Office of the Deputy Minister to produce long-term and coordinated solutions instrumental to UK's success in dealing with the problem.

2.64 The delegation also considers that the UK experience illustrates the importance of setting clear objectives and targets as well as performance indicators in combating poverty and social exclusion. For example, the UK Government is committed to reducing child poverty by one-half by 2010 and eradicating it by 2020. This ensures that all departments and organisations concerned work towards a common goal and enables outcome of work done to be evaluated.

2.65 The delegation is also impressed by the effectiveness of the multiplicity of anti-poverty measures adopted in UK. These measures aim at tackling poverty and social exclusion by bringing about maximum participation in the labour market, providing financial support to low-income families, promoting financial security in old age, and delivering a best start in life for children. The introduction of tax credits and the implementation of the minimum wage system are important measures to improve the financial incentive for people to work. The anti-poverty measures are effective because they are able to meet the specific needs of an individual at different stages of the life cycle. The UK Government has also effectively linked the implementation of agreed targets with funding from the HM Treasury; hence exerts pressure on individual departments to implement the anti-poverty measures.

2.66 The delegation also considers that UK's experience illustrates the need and importance to involve voluntary and community organisations in the delivery public services to combat poverty and social exclusion. For instance, the Department for Work and Pensions has established the Participation Group with the aim of feeding the views of those experiencing poverty into the preparation of the national strategy and plan. In addition, local community associations are involved in running the Sure Start Local Programme.

2.67 The delegation notes that UK's economic growth and prosperity in the recent decades has certainly helped in that it is easier for the families with children formerly on low income or social welfare to find better jobs and thereby reducing poverty. However, significant progress would not have been made if the UK Government has not taken effective actions to tackle poverty and social exclusion.

## **Chapter 3 : Anti-poverty strategy and measures in Ireland**

### **Visit programme**

3.1 During the stay in Dublin, the delegation visited the Combat Poverty Agency, the National Economic Social Forum, the Department of Enterprise, Trade and Employment, the FAS (the national training and placement authority), the Department of Social and Family Affairs and the Office for Social Inclusion, and received briefings on the anti-poverty strategy and measures of the Irish Government. The delegation also met with some parliamentarians and exchanged views with them on the effectiveness of the Irish Government's efforts to reduce poverty.

### **Income poverty and consistent poverty in Ireland**

#### Combat Poverty Agency

3.2 The delegation visited the Combat Poverty Agency and received a briefing on the anti-poverty strategy adopted in Ireland by Miss Bevin CODY, Head of Communication and Public Affairs of the Combat Poverty Agency.

3.3 The Combat Poverty Agency was established in 1986 under the Combat Poverty Act to advise the Irish Government on the prevention and elimination of poverty. The Agency also initiates measures for tackling poverty and evaluates such measures; conducts researches to examine the nature, causes and extent of poverty; and promotes greater understanding of the nature, causes and extent of poverty.

3.4 According to Miss CODY, the Combat Poverty Agency is the think-tank of the Government and maintains a very close working relationship with various government departments. The Agency does not need to seek the clearance or agreement from various government departments before publishing any recommendations and reports. At the same time, government departments are not bound to accept or implement the anti-poverty measures initiated by the Combat Poverty Agency.

3.5 Miss CODY informed the delegation that the major strategic focus of the Combat Poverty Agency was to promote fairer distribution of income and employment by providing evidence-based advice on tax, welfare and employment policies, and to develop and promote policy proposals for people in poverty to have access to quality health and education services.

### Overview

3.6 According to the Combat Poverty Agency, 192 000 people (4.9% of the population) lived in consistent poverty in 2002. While the consistent poverty level had reduced from 14.5% in 1994 to 4.9% in 2001, the relative income poverty level had increased from 15.6% in 1994 to 21.9% in 2001. The income of the richest 20% of the population was 4.7 times more than that of the poorest 20% in 2001.

3.7 In Ireland, relative income poverty and consistent poverty are the two poverty measurements adopted. A person is regarded to be in consistent poverty if he or she suffers from both relative low income and material deprivation. Income poverty quantifies people who have an income below 60% of the median income which was € 185.23 (HK\$1,763)<sup>3</sup> per week in 2003. Relative poverty lines are set at 40%, 50%, 60% and 70% of the median income to reflect the different degrees of poverty. Median income is the amount which divides the income distribution of the country into two equal groups, i.e. one group having income above the middle value and the other group having income below the middle value. According to the findings of the “2001 Living in Ireland Survey”, 13% of the Irish people were living on an income below the median income in 2001.

3.8 As regards the measurement of material deprivation, the following eight main indicators are used –

People not having –

- (a) new, but second-hand clothes;
- (b) a meal with meat, fish or chicken every second day;
- (c) a warm waterproof overcoat;

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<sup>3</sup> The calculation was based on the average exchange rate of HK\$9.52 per EURO in October 2005.

- (d) two pairs of strong shoes;
  - (e) a roast or its equivalent once a week;
- or conversely, having –
- (f) debt problems arising from ordinary living expenses;
  - (g) a day in the last two weeks without a substantial meal; and
  - (h) to go without heating during the last year through lack of money.

### National Anti-Poverty Strategy (NAPS)

3.9 In 1995, the Irish Government made a commitment at the United Nations World Summit for Social Development convened in Copenhagen that it would implement a programme of action for reducing poverty, expanding employment opportunities and enhancing social integration. Consequently, a 10-year government plan entitled NAPS, which involved all relevant government departments and agencies, was introduced in 1997 to reduce and prevent poverty in Ireland.

3.10 Miss Bevin CODY of the Combat Poverty Agency advised the delegation that NAPS was drawn up through a process of “social partnership”, and was endorsed in the social partnership agreement. She explained that in the late 1980s, the Irish Government and local social partners recognised that high rates of inflation and consequent high wages claims and industrial unrest were the major factors contributing to poor economic growth. The Government and the local social partners started discussions and resulted in drawing up a series of three-year national social partnership agreements which covered a broad range of economic policy, national wage increases, industrial peace and social development. The current three-year social partnership agreement which covered wage levels, employment issues, affordable housing and childcare would end in 2005. Discussions on the next three-year social partnership agreement had commenced in October 2005.

3.11 Miss CODY further advised the delegation that NAPS was revised and improved in 2002, and the revised NAPS was currently being implemented. She pointed out that in the original NAPS, the global target was to reduce the percentage of the population classified as consistently poor from the range of 9% to 15% to that of 5% to 10% during the period from 1997 to 2007. By 2001, Ireland had already achieved reducing the consistent poverty target. In addition, consistent poverty among children had decreased from 15.3% in 1997 to 6.5% in 2001. As such, the revised NAPS set out a revised global target of reducing the proportion of the population living in consistent poverty to below 2% by 2007 and, if possible, eliminating consistent poverty. Other poverty reduction targets related to groups vulnerable to poverty and social exclusion across a range of policy areas, such as income adequacy, education, employment, health and housing were also set out in the revised NAPS. The targets set out in the revised NAPS are in **Appendix IV**.

3.12 According to Miss CODY, the Irish society considers that the social partnership agreements, together with other factors such as a well-educated workforce, a strategic job creation programme and fiscal policy, had contributed significantly to the economic boom of the period from 1995 to 2001.

### **Policy direction for tackling income poverty and consistent poverty**

3.13 To better understand the anti-poverty strategy adopted in Ireland, the delegation also visited the Office for Social Inclusion and the National Economic Social Forum. They are the main organisations responsible for providing inputs to the Government in the process of formulating the anti-poverty strategy and policies. The delegation received briefings on the anti-poverty strategy by Miss Orlaigh QUINN, the Principal of the Office for Social Inclusion and Mr Gerard WALKER, the Policy Analyst of the National Economic Social Forum.

#### Office for Social Inclusion, Department of Social and Family Affairs

3.14 The Office for Social Inclusion was established in December 2002 and is based in the Department of Social and Family Affairs. The department is within the purview of the Minister of Social and Family Affairs. It is responsible for developing, coordinating and driving the National Action Plan. The National Action Plan incorporates the strategic approach to tackle poverty which is set out in NAPS. The Plan also reflects the social inclusion

commitments in the current three-year social partnership agreement. The Office for Social Inclusion is also responsible for monitoring the progress against the commitments contained in the National Action Plan. The work of the Office for Social Inclusion is overseen by the Management Group of Assistant Secretaries from key government departments.

3.15 The Office for Social Inclusion also works with the Social Inclusion Units in key government departments and agencies to co-ordinate development and implementation of social inclusion strategies within departments and agencies.

3.16 According to the Office for Social Inclusion, poverty cannot be solely the concern of one department, because of its multi-dimensional nature. Each government department has a responsibility and an obligation to ensure that its policy proposals are poverty proofed. "Poverty proofing" was introduced in 1998 to sensitise policy makers to the poverty dimensions of government policies. "Poverty proofing" is a process through which government departments, local authorities and state agencies assess their policies and programmes at the design and review stages in relation to the likely impact that they will have or have had on poverty and inequalities which are likely to lead to poverty, with a view to reducing poverty. The Office for Social Inclusion has issued guidelines on poverty proofing with examples to all government departments to assist them in implementing poverty proofing. The guidelines on "poverty proofing" are in **Appendix V**.

3.17 Miss Orlaigh QUINN, the Principal of the Office for Social Inclusion advised the delegation that the Irish Government had identified a number of groups that were at high risk of poverty and required special attention. They were children and young people, women, older people, travellers, people with disabilities, migrants and members of ethnic minority groups.

3.18 According to Miss QUINN, a key aspect of the Irish Government's anti-poverty strategy to increase the reward for work is to reduce the burden of personal taxation and exempt those earning low income from the tax net. Ireland's employment strategy also features a range of learning options specifically designed to assist disadvantaged workers. Its primary aim is to ensure that more and better jobs are provided. The strategic direction for combating poverty over the period from 2005 to 2007 is focused on creating changes to economic and social structures, so that people in poverty have improved chances of benefiting from better income and more life opportunities that would enhance their living standards and social participation.

### National Economic Social Forum

3.19 The National Economic Social Forum was established by the Irish Government in 1993 to contribute to the formation of a wider national consensus on social and economic policy initiatives, particularly in relation to unemployment. The major role and functions of the Forum are to monitor and evaluate the implementation of specific measures and programmes identified in the context of social partnership agreements, especially those concerned with the achievements of equality and social inclusion, and to facilitate public consultation on policy matters referred to it by the Government.

3.20 According to Mr Gerard WALKER, the Policy Analyst of the National Economic Social Forum, the Forum is the most representative of the social partnership institution in Ireland. It comprises representatives from Oireachtas (i.e. the Irish Parliament); employers, trade unions and farm organisations; the voluntary and community sector; and central government, local governments and independents. The Forum which works through Plenary Sessions of the full membership meets four to six times a year.

3.21 Mr WALKER advised the delegation that specific projects were usually undertaken by teams that were drawn from the full membership of the Forum. As representatives from government departments were sitting on the project teams, it provided an avenue for the Government to learn about the concerns of the parties concerned and take appropriate actions at an early stage. Although government departments were not obliged to follow the recommendations made by the Forum, it exerted influence in the policy making process as problems were thoroughly discussed at the Plenary Sessions. Mr WALKER also advised the delegation that as a consensus approach was adopted by the Forum, the discussion process for a controversial topic could sometimes be very long, and no consensus could be reached. In the circumstances, no conclusive recommendations could be made.

3.22 Mr WALKER informed the delegation that the Forum published reports on a range of topics, such as population and employment projection and education expenditure. The Forum also published periodic reports which identified the follow-up actions required and comments on those actions taken by the Government. The responsible Ministers had to give an account if follow-up actions were not taken.

## **Government departments involved in tackling poverty**

3.23 To better understand the major anti-poverty measures adopted in Ireland, the delegation visited the Department of Enterprise, Trade and Employment, FAS (the national training and placement authority) and the Department of Social and Family Affairs. They are the major government departments responsible for implementing the anti-poverty measures.

### Department of Enterprise, Trade and Employment

3.24 The Department of Enterprise, Trade and Employment has the overall responsibility for industrial policy and the labour market. The process of facilitating and encouraging people who are receiving income support to return to the active labour market is the responsibility of a number of organisations, including the Department of Enterprise, Trade and Employment, the Department of Education and Science, FAS, the Local Employment Service and a range of other organisations at local level.

### FAS

3.25 FAS is the national training and placement authority, and is responsible for delivering employment programmes on behalf of the Department of Enterprise, Trade and Employment.

3.26 The delegation received a briefing on the measures to bring the unemployed and low-skilled workers back to employment by Mr Brendan O'LEARY of the Department of Enterprise, Trade and Employment, and Miss Shira MEHLMAN, the Director-Social Inclusion of FAS.

### Department of Social and Family Affairs

3.27 The Department of Social and Family Affairs is the lead department for implementing NAPS. The Office for Social Inclusion in the department co-ordinates the implementation of NAPS with other government departments and advises on the implementation of the country's anti-poverty strategy (paragraphs 3.14 to 3.18 above refer). The department is also responsible for the development of the social welfare system and day-to-day running of social welfare schemes. The delegation received briefings on the anti-poverty measures within the purview of the department by Mr Tim QUIRKE, the Principal of the Department of Social and Family Affairs.

### Major anti-poverty measures

3.28 The delegation notes that anti-poverty measures are introduced to meet the specific needs of an individual. These measures aim to tackle poverty by bringing about maximum participation in the labour market, providing financial support to low-income families, and promoting financial security in old age. Details of these anti-poverty measures are described in paragraphs 3.29 to 3.65 below.

### **Measures to bring about maximum participation in the labour market**

#### Employment Programmes

3.29 According to the Department of Enterprise, Trade and Employment, the best way to combat poverty is to provide jobs with reasonable pay for the working population. Mr Brendan O'LEARY, an official of the department, advised the delegation that Ireland provided an attractiveness investment environment for large-scale United States industrial corporations to set up business because Ireland was one of the few English speaking countries in Europe. The economic growth in Ireland in the past few years was faster than that in other European Union countries. This provided ample employment opportunities in the country. However, because of Ireland's agricultural background, 40% of school children had not completed the secondary education in 1999. To equip the workforce to meet the changing needs of the economy, the Government had drawn up a number of employment programmes which were administered and delivered by FAS. The major employment programmes were the Community Employment Programme (paragraphs 3.30 to 3.34 below refer), the Job Initiative Programme (paragraphs 3.35 to 3.37 below refer) and the Social Economy Programme (paragraph 3.38 below refers).

#### Community Employment Programme

3.30 According to FAS, the Community Employment Programme provides the long-term unemployed people and other disadvantaged persons with an opportunity to acquire training and work experience through employment within their communities on a temporary and part-time basis (39 hours per fortnight) with a view to bringing them back into the labour market. In 2005, a budget of € 360 million (HK\$3,427 million) is provided to fund the programme for 22 000 participants.

3.31 Employment is provided for participants of a wide range of community-sponsored projects. The largest provision is in the community/social service area, which also includes health-related community services and provision of childcare. The duration of the programme ranges from one to three years, depending on the participants' age and duration of unemployment prior to joining the programme.

3.32 The programme has two options. The Part-time Integration Option is aimed at persons aged 25 or over who have been unemployed for a minimum period of 12 months (except those on Disability Benefit require six months). Participants remain on this option for a period of one year. The Part-time Job Option is targeted at persons who need a longer programme in order to become job ready. Participants must be over 35 years old and in receipt of certain welfare payments for three years. The participants can remain on this option for a period of up to three years. A further year may be approved on a case-by-case basis. From November 2004, persons aged 55 or above are eligible for the Part-time Job Option for a maximum of six years.

3.33 According to Miss MEHLMAN, while the rates of pay for employment under the Community Employment Programme are closely linked to the allowances payable for unemployment, they are set slightly higher to encourage participants to participate in the programme. A participant without dependents receives € 173.2 (HK\$1,649) per week, and a person with an adult dependent receives € 271.9 (HK\$2,588) per week, and € 16.8 (HK\$160) for each child dependent.

3.34 Miss MEHLMAN informed the delegation that the targets of FAS were to bring women participation rate and community participation rate to 60% and 70% respectively. Periodic follow-up surveys of programme participants conducted by FAS indicated that 46% of participants who left the programme in 2003 took up employment, and another 8% took up further education or training.

#### Job Initiative Programme

3.35 The Job Initiative Programme was established as a Labour Market Intervention strategy in 1997 to provide temporary employment for a three-year period to those longer-term unemployed whose access to the labour market is extremely limited. There are currently about 1 900 participants on the Job Initiative Programme, with a funding of € 43.5 million (HK\$414 million).

3.36 The programme provides full time work for people aged 35 or above who have been unemployed for over five years. It has the dual function of developing the potential of individual participants and providing services to the community. By offering full time work and training opportunities, the long-term unemployed are facilitated through skills and personal development to access employment opportunities in the open labour market. Workers under the programme provide a range of social services in the local community including childcare, adult literacy, youth work and information provision. The duration of the programme for each participant is three years, but participants are currently being extended on a year-by-year basis.

3.37 According to Miss MEHLMAN, the Job Initiative Programme is currently being wound down, so as to pool together the resources for employment programmes. Participants who leave the programme are not being replaced, and the resources are being redirected to the Community Employment Programme.

#### Social Economy Programme

3.38 The Social Economy Programme provides grants to social economy enterprises with the intention of providing sustainable jobs for the long-term unemployed. Social economy enterprises refer to businesses with primarily social objectives. Their surpluses are principally reinvested for that purpose in the business or in the community, rather than maximising profit for shareholders and owners. Miss MEHLMAN advised the delegation that about 290 enterprises with 1 992 employees were being funded by FAS. Workers were paid the national minimum wage (paragraph 3.39 below refers). Approximately 42% of participants were long-term unemployed, 15% were persons with a disability and the remainder 43% are single parents. The programme's budget for 2005 was € 35 million (HK\$333 million).

#### Minimum wage

3.39 The National Minimum Wage Act 2000 came into effect in April 2000, guaranteeing a national minimum wage for workers aged 18 or above. The national minimum wage has been raised four times since then. The latest increase was on 1 May 2005 when the national minimum wage rate was raised from €7 (HK\$67) per hour to €7.76 (HK\$74) per hour. According to Mr Brendan O'LEARY of the Department of Enterprise, Trade and Employees, Ireland experiences no problem in enforcing the minimum wage requirement,

given that national wage rate is a decision of the three-year social partnership agreement. The implementation of the minimum wage system also provides financial incentives for people to work.

#### Training for the unemployed and low-skilled workers

3.40 To facilitate the unemployed or single parents to return to work and the low-skilled workers to cope with the changing economic environment, FAS provides training courses designed to equip participants with skills that will enhance their prospects of securing employment.

3.41 The training courses provided under the Community Training Programme are primarily a work-based training programme with on-the-job training opportunities in the infrastructures projects and the service sector within the local communities. Participants of the Community Training Programme are able to develop more in-depth job skills, especially in construction and office administration.

3.42 The Back to Education Initiative provides another platform for people with little schoolings and those in the workplace who wish to upgrade their skills to receive education or training. The programme emphasises part-time learning options to allow people to combine education or training with work and family responsibilities. The unemployed, single parents and the disabled in receipt of social welfare payments can claim the Back to Education Allowance (paragraph 3.47 below refers) for enrolling in the approved education and learning programmes and courses.

3.43 Miss MEHLMAN of FAS advised the delegation that training courses were mainly organised for the unemployed instead of low-skilled workers because employers were reluctant to release their employees to attend skills upgrading training courses. The duration depended on the nature of courses. For instance, the foundation skills courses, which lasted for six months, provided comprehensive training including job seeking techniques and confidence building. Courses for early school leavers lasted for 12 to 18 months. Miss MEHLMAN also advised the delegation that no problem of mismatch of skills and job vacancies was observed in Ireland, as the training courses were designed specially to equip participants for taking up employment in a particular field. In addition, the economic prosperity and construction boom in Ireland had created ample employment opportunities for the long-term unemployed to re-enter the labour market in the past few years.

### Employment incentives

3.44 According to the Department of Social and Family Affairs, facilitating and encouraging people in receipt of income support to return to the active labour market has become a very important element of the overall work of the department over the past few years. Employment incentives are introduced to help bring people back to and stay in employment. Details of the employment incentives are described in paragraphs 3.45 to 3.47 below.

### Exemption from social insurance contribution

3.45 According to the Department of Social and Family Affairs, any person aged 16 or above, who is employed or self-employed, is compulsorily insured. Depending on the level of wages of the employees, employers contribute either 8.5% or 10.75% of their employees' wages to the Social Insurance Fund and the employees pay either 4% or 6%. To encourage low-income employees to stay in employment, an incentive was introduced in 2000 to exempt employees currently earning less than €287 (HK\$2,732) a week from payment of their share of the contributions.

### Back to Work Allowance

3.46 Back to Work Allowance is an incentive payment to encourage a person who has been sick, unemployed or a single parent to take up employment. It is paid over three years at a reducing rate of their previous entitlement. For a person taking up self-employment, it is paid for four years, and the payment for the first year is at 100% of their previous entitlement. Mr QUIRKE, the Principal of the Department of Social and Family Affairs, advised the delegation that people on unemployment benefit and unemployment assistance could retain the subsidy for a period up to three years even if they were on Back to Work Allowance.

### Back to Education Allowance

3.47 Back to Education Allowance is a continued payment of unemployment assistance to a person who returns to school to complete higher education in order to improve his or her employability. The Employment Support Service in the Department of Family and Social Affairs appoints Job Facilitators to assist people in finding employment and give advice on the range of incentives and supports available.

3.48 Mr QUIRKE advised the delegation that as a result of the economic growth and implementation of the employment programmes and employment incentives, the Irish Government had made progress in alleviating the unemployment problem. The unemployment rate in Ireland had fallen from 15.6% in 1993 to 4.4% in 2004, which was the second lowest among all European Union countries.

### **Measures to provide financial support to low-income families**

#### Social assistance schemes

3.49 According to the Department of Social and Family Affairs, the main work of the department is the provision of income support through the range of social insurance and social assistance schemes, as well as universal child benefit. The major social assistance schemes provided to the low-income and single-parent families, especially those with children, are described in paragraphs 3.50 to 3.57 below.

#### Family Income Supplement

3.50 The Family Income Supplement is a means-tested payment and a supplementary income support for low-income working families with children. A minimum of € 20 (HK\$190) is paid to families per week. It is calculated at 60% of the difference between net earnings and the relevant income limit. There are eight income thresholds which are related to the number of dependent children in the household.

3.51 Mr QUIRKE advised the delegation that the payment of family income supplement was tapered out as income increased. Such a reduction provided disincentive for low-income workers to attend training and find better-paid employment, in particular when the additional income would be offset by a corresponding reduction of family income supplement. The Government was aware of the problem, and the problem was being studied by the Combat Poverty Agency.

### One Parent Family Payment

3.52 The One Parent Family Payment is available to parents who are bringing up a child without the support of a partner. It is a means-tested payment, and is made up of both a personal rate and additional amount for each dependent child. There is no restriction on the duration of payment. Payment only ceases where the means-test is no longer satisfied, when co-habitation or marriage occurs, or when there are no longer any dependent children in the family. There is also a disregarded earnings element which allows for some earned income before the payment is withdrawn.

3.53 Mr QUIRKE pointed out that the disregarded earnings threshold had not been increased in the recent years. This had rendered more working single-parent families ineligible for the one-parent payment if they received a slight pay increase and thereby provided disincentive for single parents to find better-paid employment. The Government was aware of the problem, and the problem was being studied by the Combat Poverty Agency.

### Child Benefit Scheme

3.54 The Child Benefit Scheme is a universal scheme under which a monthly payment is made to all parents for support of their children, regardless of whether the parent is employed or not, and regardless of the level of income. The payment is payable from general taxation, subject to the condition that the child is residing in Ireland. It is payable until the child reaches 16 years old and is extended up to age 19, if the child continues in full-time education or is physically or mentally disabled. There are two Child Benefit rates, viz. those with one or two children receive a basic Child Benefit rate (€ 141.60 (HK\$1,348) at 2005 level), and those with more than two children receive an additional 25% for the additional child.

3.55 According to the Department of Social and Family Affairs, the expenditure on the Child Benefit Scheme represented 65% of the total social welfare expenditure on families with children in 2002.

### Child Dependent Allowances

3.56 Child Dependent Allowances are supplementary benefits for social welfare households. There are three rates, starting at € 16.80 (HK\$160) per week, with the top rate at € 21.6 (HK\$206).

3.57 A Back to School Clothing and Footwear Allowance is also provided to school children in families who receive Child Dependent Allowances.

#### Other support services for children in poverty

3.58 Mr QUIRKE advised the delegation that the Government considered that the availability of good childcare facilities as having a key impact on employment participation rates, especially among single parents. He pointed out that the typical childcare costs in Ireland were € 570 (HK\$5,426) per month, whereas in Dublin the costs were € 200 (HK\$1,904) per week. In addition to income support, it was the Government's policy goal to provide affordable, accessible, good quality services for children living in low-income families in areas such as education, childcare, healthcare and housing.

3.59 The implementation of measures to combat child poverty in Ireland is the responsibility of a number of departments, viz. the Department of Social and Family Affairs, the Department of Health and Children, the Department of Justice, Equality and Law Reform and the Department of Education and Science. While the delegation was unable to visit the latter three departments, the delegation notes that the Department of Health and Children has the overall responsibility for children. The department aims to ensure children's well-being, specifically with the availability of medical cards which entitle holders to free access to medical care. The Department of Justice, Equality and Law Reform aims to promote the rights and welfare of children. The major functions of the Department of Education and Science, in the context of combating child poverty, are to ensure education for all children and implement a number of schemes which aim at tackling educational disadvantage.

#### **Measures to promote financial security in old age**

3.60 According to the Department of Social and Family Affairs, there are two types of old age benefit schemes in Ireland, viz. contributory and non-contributory benefits.

3.61 To be eligible for the contributory old age benefit, a person must have made social insurance contributions. A retirement pension is paid from the Social Insurance Fund to any person aged 65 or above who satisfies the contribution conditions and has ceased employment. A means-tested pension is payable to a person aged 65 or above who does not have sufficient insurance

contributions to meet the contribution conditions and receives a private income below the specified limit. The means-tested non-contributory old age benefits are paid from general taxation. The maximum rate of entitlement of the non-contributory scheme is about 10% lower than the standard rate of entitlement of the equivalent contributory scheme.

3.62 According to Mr QUIRKE, the overall annual expenditure on non-contributory scheme is currently slightly higher than that on social insurance schemes. To alleviate the reliance on social welfare benefits by the elderly, the Government's long-term plan is for private insurance entitlement to replace the demand on the non-contributory benefit scheme.

3.63 Mr QUIRKE informed the delegation that apart from making contribution to social insurance scheme, about 50% of employees in Ireland were covered by private pension schemes arranged by their employers. These schemes enabled a worker on retirement to supplement the social insurance pension with an additional private pension, thus reducing the gap between retirement and pre-retirement income. Mr QUIRKE advised the delegation that in 2003, the Personal Retirement Savings Accounts were introduced, and employers were obliged to facilitate their employees in opening such an account. These accounts were personal to the employees and therefore would not be frozen when an employee changed job. Such measures aimed to increase additional pension coverage to 70% of the working population.

3.64 According to the Department of Social and Family Affairs, the following additional benefits have been introduced by the Irish Government over the years to assist the elderly remain actively in touch with the society -

- (a) free travel for all residents aged over 66 regardless of income;
- (b) household benefits which contribute to electricity and telephone bills, so that the elderly can make use of adequate heat and light and not be afraid of inability to pay;
- (c) fuel allowance which is a supplement to the pension and is targeted at those who are dependent on pension income;
- (d) living single allowance which is a supplement paid in recognition of the fact that a person living single has additional household expenses; and

- (e) an additional supplement is payable where the recipient is over 80 years old.

3.65 Mr QUIRKE advised the delegation that the problem of ageing population was less pressing in Ireland than in other European Union countries because of its relatively younger population.

### **Meeting with the Joint Committee on Social Affairs of the Irish Parliament**

3.66 The delegation met with Members of the Joint Committee on Social Affairs of the Irish Parliament and exchanged views with them on the effectiveness of the Irish Government's efforts to reduce poverty. The Joint Committee is chaired by Willie PENROSE TD and its members are Joe CALLANAN TD, John CARTY TD, Paudge CONNOLLY TD, David STANTON TD, Michael FINNERAN TD, Donal MOYNIHAN TD, Charlie O'CONNOR TD, Michael RING TD, Sean RYAN TD, Dan WALLACE TD, Senator Sheila TERRY, Senator Derek MCDOWELL, Senator Kate WALSH and Senator Diarmuid WILSON.

3.67 The Joint Committee on Social Affairs is a parliamentary committee which consists of members of Dáil Éireann (the lower house of the Irish Parliament) and Seanad Éireann (the upper house). The major role of the committee is to monitor NAPS at political level, and review the major areas of policy under the purview of the Minister for Social and Family Affairs.

3.68 At the meeting with Members of the Joint Committee, they informed the delegation that Ireland had made progress in reducing the number of Irish people living in consistent poverty and the number of unemployed in the past few years. They considered that entering into the three-year social partnership agreements showed that different sectors in the country were willing to work together to tackle the poverty problem. However, the progress in reducing child poverty was relatively slow.

3.69 Members of the Joint Committee also informed the delegation that as a result of economic prosperity, the gap between the rich and the poor in Ireland was, however, widening. This had given rise to the "working poor" problem. As a longer term measure to tackle the problem, the Government should enhance the competency of the workforce by raising their educational attainment and skills levels to meet the changing needs of the economy.

### **Other institutional arrangements for tackling poverty**

3.70 Owing to time constraint, the delegation was unable to visit other institutional arrangements adopted in Ireland to tackle poverty. The delegation notes that the following institutional arrangements also perform crucial roles and functions in tackling poverty -

- (a) Cabinet Committee on Social Inclusion, which is chaired by the Taoiseach, i.e. the head of the Government and the leader of the Cabinet, and includes all Ministers, is responsible for ensuring that anti-poverty policies have a high priority on the political agenda;
- (b) Senior Officials Group on Social Inclusion, which comprises senior officials from all relevant government departments and chaired by the Department of the Taoiseach, co-ordinates policy developments and reports to the Cabinet Committee; and
- (c) Social Inclusion Consultative Group, which includes representatives of social partners, government agencies and the community and voluntary sector, provides advice on the implementation and development of anti-poverty strategy.

### **Observations of the delegation**

3.71 Similar to the UK Government, the Irish Government is also strongly committed to tackling poverty in the country. It made a commitment at the United Nations World Summit for Social Development convened in Copenhagen in 1995 that it would implement a programme of action for reducing poverty. As a result, NAPS which involved all government departments and agencies, was introduced in 1997.

3.72 NAPS sets out clear objectives and targets to combat poverty. It is drawn up through a process of social partnership and is endorsed in a three-year social partnership agreement made between the Government and local social partners. The delegation considers such consultation important and ensures the anti-poverty strategy has public support. The delegation notes that there are other forms of partnership with key stakeholders. For instance, the National Economic Social Forum is tasked to achieve consensus on major economic and social issues and to facilitate public consultation on policy matters. The

Minister for Social and Family Affairs receives pre-budget submissions from a wide range of voluntary organisations and other interested groups and meet with them at a pre-budget forum.

3.73 The delegation also notes that a dedicated Office of Social Inclusion is set up within the purview of the Minister of Social and Family Affairs. The Office has been effective in building up close working relationship between government departments and other agencies at different levels in implementing anti-poverty measures. The delegation is impressed by the effectiveness of the measures adopted by the Irish Government in reducing poverty, in particular the employment programmes and employment incentives to bring the unemployed and low-skilled back to employment and stay in employment, as well as the introduction of minimum wage system to improve the financial incentive for people to work.

3.74 The delegation finds the requirement of “poverty proofing” in policy making and evidence-based approach very useful reference. The delegation agrees that policy makers should consciously assess whether the policies they formulate will have an impact on poverty and inequalities, with a view to reducing poverty. As for evidence-based approach, the delegation notes that the Combat Poverty Agency conducts extensive researches to examine the nature, causes and extent of poverty to facilitate the formulation of anti-poverty strategy

3.75 The delegation notes that Ireland’s economic growth and prosperity in the recent decades has certainly helped in that it is easier for the families with children formerly on low income or social welfare to find better jobs and thereby reducing poverty. However, significant progress would not have been made if the Irish Government has not taken effective actions to tackle poverty.

## Chapter 4 : Conclusion

4.1 The delegation considers that both the United Kingdom (UK) and Ireland are successful examples of how poverty in a place or country can be alleviated. The delegation notes that there are following similarities between UK and Ireland in tackling the problem of poverty –

- (a) strong political will and commitment to tackle the problem;
- (b) formulation of a national, long term strategy;
- (c) establishment of a dedicated, high-level office to take charge of tackling the problem and coordinate anti-poverty efforts made by government departments and other organisations;
- (d) setting of clear objectives and targets, as well as performance indicators;
- (e) multiplicity of anti-poverty measures to meet the specific needs of different target groups;
- (f) emphasis on employment to bring people out of poverty;
- (g) implementation of a minimum wage system to improve the financial incentive for people to work; and
- (h) wide public consultation and partnership with stakeholders and end-users.

4.2 The delegation considers that the economic growth and prosperity enjoyed by the two countries in the recent two decades has certainly helped the efforts of the two Governments in dealing with the problem. However, significant progress would not have been made if the UK and Irish Governments have not implemented effective anti-poverty strategies and measures.

4.3 The delegation notes that the anti-poverty efforts of UK and Ireland have their unique features. UK, for instance, adopts a “life-cycle approach” which targets intervention at key stages in people’s lives. Tax credits are introduced to increase the level of financial support to low-income families.

4.4 As far as Ireland is concerned, policy makers are required to go through the “poverty proofing” process, i.e. to consciously assess whether the policies they formulate will have an impact on poverty and inequalities, with a view to reducing poverty. Extensive researches are also undertaken to examine the nature, causes and extent of poverty to facilitate the formulation of anti-poverty strategy.

4.5 Overall, the delegation finds the visit to UK and Ireland very useful. It enabled the delegation to obtain first-hand information about how the two countries tackle the problem of poverty; to exchange views with the officials and personnel responsible for formulating and implementing anti-poverty strategy and measures; and to meet with the end-users of the anti-poverty programmes.

**Subcommittee to Study the Subject of Combating Poverty  
Overseas duty visit to the United Kingdom and Ireland  
(19 to 24 September 2005)**

**Programme of the visit**

19 September 2005 (Monday)

- |                     |                                                                                                                                                                                                                                                                         |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 0:35 am             | Depart for London                                                                                                                                                                                                                                                       |
| 6:35 am             | Arrive in London                                                                                                                                                                                                                                                        |
| 11:00 am – 12:00 pm | Meeting with <b>Miss Nicola GILPIN, Economic Analyst of the Department for Work and Pensions (DWP)</b>                                                                                                                                                                  |
| 12:00 pm – 1:00 pm  | Sandwich lunch meeting with <b>Mr Colin CURTIS, Manager of Sure Start Programme, Department of Education and Skills</b>                                                                                                                                                 |
| 1:30 pm – 3:00 pm   | Meeting with <b>Ms Judith SHANKLEMAN, Programme Manager for Community Involvement, St Pancras Community Association, and Ms Barbara Ludlow, Deputy Manager for Community Involvement, St Pancras Community Association, cum visit to the Sure Start Local Programme</b> |
| 3:30 pm – 4:30 pm   | Meeting with <b>Miss Julia SWEENEY, Head of DWP Family Poverty and Work Division</b>                                                                                                                                                                                    |
| 4:30 pm – 5:30 pm   | Meeting with <b>Miss Yasmin GHAZALI, Pensions Division, DWP</b>                                                                                                                                                                                                         |

20 September 2005 (Tuesday)

- |                     |                                                                                                                                                           |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9:00 am – 10:00 am  | Meeting with <b>Miss Susan ACLAND-HOOD, Social Exclusion Unit, Office of Deputy Prime Minister</b>                                                        |
| 10:30 am – 11:30 am | Meeting with <b>Professor John HILLS, Director of Centre for the Analysis of Social Exclusion, London School of Economics and Political Science (LSE)</b> |

- 11:30 am – 12:30 pm Meeting with **Professor David PIACHAUD, Professor of LSE**
- 12:30 pm – 2:30 pm Lunch and Roundtable Discussion chaired by **Professor Peter TOWNSEND, Professor of International Social Policy, LSE**
- 3:30 pm – 5:00 pm Meeting with **Miss Hazel HECTOR, Deputy Secretary for the Low Pay Commission**
- 7:00 pm – 8:30 pm Dinner hosted by **Mrs Carrie LAM, Director General of HKETO (London)**

21 September 2005 (Wednesday)

- 7:45 am Depart hotel for London Gatwick Airport
- 10:35 am Depart for Dublin
- 12:05 pm Arrive in Dublin
- 3:00 pm - 5:00 pm Meeting with **Miss Bevin CODY, Head of Communication and Public Affairs of the Combat Poverty Agency**

22 September 2005 (Thursday)

- 9:30 am – 10:30 am Meeting with **Mr Brendan O’LEARY, Department of Enterprise, Trade and Employment and Ms Shira MEHLAM, Director–Social Inclusion of FAS**
- 11:30 am – 12:30 pm Meeting with **Gerard WALKER, Political Analyst, National Economic and Social Forum**
- 2:00 pm – 3:30 pm Meeting with **Oireachtas (Irish Parliament) Joint Committee on Social and Family Affairs**
- 3:30 pm – 4:30 pm Guided tour of the Parliament

23 September 2005 (Friday)

9:30 am – 12:30 pm	Meeting with <b>Mr Tim QUIRKE, Principal of the Department of Social and Family Affairs</b> and <b>Ms Orlaigh QUINN, Principal of Office of Social Inclusion</b>
12:30 pm	Depart for Dublin Airport
6:40 pm	Depart for Hong Kong

24 September 2005 (Saturday)

4:05 pm	Arrive in Hong Kong
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**Public Service Agreement (PSA) Targets in the United Kingdom  
(from April 2005)**

PSA 1	Halve the number of children in relative low-income households between 1998-99 and 2010-11, on the way to eradicating child poverty by 2020.
PSA 2	Improve children's communication; social and emotional development so that by 2008 50 per cent of children reach a good level of development at the end of the Foundation Stage and reduce inequalities between the levels of development achieved by children in the 20 per cent most disadvantaged areas and the rest of England.
PSA 3	<p>As a contribution to reducing the proportion of children living in households where no one is working, by 2008:</p> <ul style="list-style-type: none"> <li>• Increase the stock of Ofsted-registered childcare by 10 per cent;</li> <li>• Increase the take up of formal childcare by lower income working families by 50 per cent; and</li> <li>• Introduce, by April 2005, a successful light-touch childcare approval scheme.</li> </ul>
PSA 4	<p>As part of the wider objective of full employment in every region, over the three years to spring 2008, and taking account of the economic cycle :</p> <ul style="list-style-type: none"> <li>• demonstrate progress on increasing the employment rate</li> <li>• increase the employment rates of disadvantaged groups (single parents, ethnic minorities, people aged 50 and over, those with the lowest qualifications and those living in the Local Authority wards with the poorest initial labour market position)</li> </ul> <p>significantly reduce the difference between the employment rates of the disadvantaged groups and the overall rate.</p>
PSA 5	By 2008, improve health and safety outcomes in UK through progressive improvement in the control of risks in the workplace.
PSA 6	By 2008, be paying Pension Credit to at least 3.2 million pensioner households, while maintaining a focus on the most disadvantaged by ensuring that at least 2.2 million of these households are in receipt of the Guarantee Credit.

PSA 7	Improve working age individuals' awareness of their retirement provision such that by 2007-08 15.4 million individuals are regularly issued a pension forecast and 60 000 successful pension traces are undertaken a year.
PSA 8	In the three years to March 2008 : <ul style="list-style-type: none"><li>• further improve the rights of disabled people and remove barriers to their participation in society, working with other Government departments, including through increasing awareness of the rights of disabled people</li><li>• increase the employment rate of disabled people, taking account of the economic cycle</li><li>• significantly reduce the difference between their employment rate and the overall rate, taking account of the economic cycle.</li></ul>
PSA 9	Improve Housing Benefit administration by : <ul style="list-style-type: none"><li>• reducing the average time taken to process a Housing Benefit claim to no more than 48 days nationally and across the bottom 15 per cent of Local Authorities to no more than 55 days, by March 2008</li><li>• increasing the number of cases in the deregulated private rented sector in receipt of Local Housing Allowance to 740000 by 2008</li><li>• increasing the number of cases in receipt of the Local Housing Allowance where the rent is paid directly to the claimant to 470 000 by 2008.</li></ul>
PSA 10	Reduce overpayments from fraud and error in Income Support and Jobseeker's Allowance and in Housing Benefit.

## Appendix III

### **List of indicators set out in the United Kingdom's *Opportunity for all : Sixth Annual Report 2004* for different age groups**

#### Children and young people

1. A reduction in the proportion of children living in working-age workless households.
2. Low-income indicators -
  - (a) a reduction in the proportion of children living in households with relative low incomes;
  - (b) a reduction in the proportion of children living in households with low incomes in an absolute sense; and
  - (c) a reduction in the proportion of children living in households with persistent low incomes.
3. A reduction in teenage pregnancy -
  - (a) an increase in the proportion of teenage conceptions; and
  - (b) an increase in the proportion of teenage parents in education, employment or training.
4. An increase in the proportion of children (in Sure Start programme areas and Children's Centres) with appropriate levels of development.
5. An increase in the proportion of children aged 11 with Key Stage 2 attainment.
6. An improvement in the educational attainment.
7. An increase in the proportion of people aged 19 with at least a Level 2 qualification.
8. An increase in an overall school attendance.

9. An improvement in the educational attainment and participation of children looked after by local authorities, including –
  - (a) a narrowing of the education gap; and
  - (b) a reduction in the proportion of children not in education, employment or training.
10. An increase in the proportion of people of 16-18-year-olds in learning.
11. A reduction in infant mortality.
12. A reduction in the rate at which children are admitted into hospital as a result of unintentional injury, resulting in a hospital stay of longer than three days.
13. A reduction in smoking rates:
  - (a) during pregnancy; and
  - (b) among children.
14. A reduction in the rate of obesity in children below 16 years old.
15. A reduction in the number of re-registrations on Child Protection Register.
16. A reduction in the number of housing that falls below the set standard of decency.
17. A reduction in the number of families with children in temporary accommodation.

#### People of working age

18. An increase in the proportion of working-age people in employment.
19. An increase in the employment rates of disadvantaged groups – disabled people, lone parents, ethnic minority people, people aged 50 and over and the lowest qualified – and a reduction in the difference between their employment rates and the overall rate.
20. A reduction in the proportion of working-age people living in workless households.

21. A reduction in the proportion of working-age people without an NVQ Level 2 qualification or higher.
22. A reduction in the periods for working-age people on income-related benefits.
23. Low-income indicators -
  - (a) a reduction in the proportion of working-age people living in households with relative low incomes;
  - (b) a reduction in the proportion of working-age people living in households with low incomes in an absolute sense; and
  - (c) a reduction in the proportion of working-age people living in households with persistent low incomes.
24. A reduction in the smoking rates for all adults and manual socio-economic groups.
25. A reduction in the death rates from suicide and injury of undetermined intent.
26. A reduction in the number of people sleeping rough.
27. A reduction in the number of people using Class A drugs.

#### Older people

28. Low-income indicators -
  - (a) a reduction in the proportion of pensioners living in households with relative low incomes;
  - (b) a reduction in the proportion of pensioners living in households with low incomes in an absolute sense; and
  - (c) a reduction in the proportion of pensioners living in households with persistent low incomes.
29. An increase in the proportion of people contributing to a non-state pension.

30. An increase in the amount contributed to non-state pensions.
31. An increase in the proportion of people making continuous contributions to a non-state pension.
32. An increase in healthy life expectancy at age 65.
33. An increase in the proportion of older people who are being helped to live independently –
  - (a) receiving intensive home care; and
  - (b) receiving any community-based service.
34. A reduction in the proportion of older people who live in a home that falls below the set standard of decency.
35. A reduction in the proportion of older people whose lives are greatly affected by fear of crime.

#### Communities

36. An increase in the employment rates in deprived areas.
37. A reduction in the crime rates in high crime areas
38. A reduction in the number of housing that falls below the set standard of decency.
39. A reduction in the number of households in fuel poverty.
40. An increase in the life expectancy at birth.
41. A reduction in the attainment gap at Key Stage 2 for children aged 11.
42. A reduction in road accident casualties in deprived areas.

#### Note

Including the sub-indicators, there are 58 indicators.

**Targets set out in  
the revised National Anti-Poverty Strategy of Ireland**

Key target

- 1 To reduce the number of those who are consistently poor below 2% and, if possible, eliminate consistent poverty, under the current definition of consistent poverty.

Income adequacy

- 2 To achieve a rate of €150 (HK\$1,428) per week in 2002 terms for the lowest rates of social welfare to be met by 2007 and the appropriate equivalence level of basic child income support (i.e. Child Benefit and Child Dependent Allowances combined) to be set at 33%-35% of the minimum adult social welfare payment rate.

Employment and Unemployment

- 3 To eliminate long-term unemployment as soon as circumstances permit but in any event not later than 2007.
- 4 To reduce the level of unemployment experienced by vulnerable groups towards the national average by 2007.

Education

- 5 To halve the proportion of pupils with serious literacy difficulties by 2006.
- 6 To reduce the number of young people who leave the school system early, so that the percentage of those who complete upper second level or equivalent will reach 85% by 2003 and 90% by 2006.

Health

- 7 To reduce the gap in premature mortality between the lowest and highest socio-economic groups by at least 10% for circulatory diseases, for cancers and for injuries and poisoning by 2007.

### Housing and accommodation

- 8 By end 2004, sufficient and appropriate emergency accommodation to be available to rough sleepers, in conjunction with appropriate outreach services to enable them to access it. This target is to apply to each local authority and health board area. At end 2003, progress in meeting the target will be reviewed and, if necessary, revised mechanisms put in place to achieve it.

### Children and young people

- 9 Over the period to 2007, the Strategy will aim at reducing the number of children who are consistently poor below 2%, and, if possible, eliminating consistent poverty, under the current definition of consistent poverty.

### Women

- 10 Over the period to 2007, the Strategy will aim at reducing the number of women who are consistently poor below 2%, and, if possible, eliminating consistent poverty, under the current definition of consistent poverty.
- 11 The Strategy will aim at increasing the employment participation rate of women to an average of more than 60% in 2010.

### Older people

- 12 Over the period to 2007, the Strategy will aim at reducing the number of older people who are consistently poor below 2%, and, if possible, eliminating consistent poverty, under the current definition of consistent poverty.
- 13 By end-2007, adequate heating systems will be available in all local authority rented dwellings provided for older people.

### Urban Poverty

- 14 Over the period to 2007, the Strategy will aim at reducing the number of urban dwellers who are consistently poor below 2%, and, if possible, eliminating consistent poverty, under the current definition of consistent poverty.

### Poverty Proofing Guidelines in Ireland

**NB:** The guidelines below date from April 1999 and were circulated to Government Departments and other State agencies. As part of the enhancement of the poverty proofing process they are currently in the process of being reviewed.

Office for Social Inclusion, April 2005

#### **1. Introduction**

- 1.1 Following the Government decision of 23 July 1998, in line with a Partnership 2000 commitment to strengthening of administrative procedures for equality proofing in the context of the National Anti-Poverty Strategy (NAPS), it is now a **requirement** in the updated Cabinet Handbook, published in October 1998 (p.19), that Memoranda for the Government involving significant policy proposals "**indicate clearly the impact of the proposal on groups in poverty or at risk of falling into poverty in the case of significant policy proposals**".
- 1.2 Although some Departments' remit may not seem to impact directly on poverty, and while some Departments are not involved in direct service delivery, it must be noted that this is an **obligatory requirement**. While the secondary effects of some proposals (particularly those which are not directly aimed at alleviating disadvantage) may not be immediately apparent, **they may still have an impact on the poor**, or may, inadvertently, lead to a risk of poverty for some people/groups.
- 1.3 The statement of impact on poverty should be based on a **systematic analysis**, using the Framework outlined in section 4 below.

#### **2. What is Poverty?**

- 2.1 Poverty is defined in the National Anti-Poverty Strategy (adopted by Government in April 1997) as follows:  
  
*"People are living in poverty if their income and resources (material, cultural and social) are so inadequate as to preclude them from having a standard of living which is regarded as acceptable by Irish society generally. As a result of inadequate income and resources, people may be excluded and marginalised from participating in activities which are considered the norm for other people in society."*
- 2.2 The NAPS overall target focuses on the 6 - 8% of Irish households that were determined, in the 1998 Living in Ireland Survey by the Economic and Social Research Institute (ESRI) to be "consistently poor" (based on the 50% and 60% relative income lines **combined with** the presence of basic deprivation). The target is to reduce this proportion to less than 5% of households by 2004.

There are also subsidiary targets in relation to the five key themes identified in the NAPS: Educational Disadvantage, Unemployment, Income Adequacy, Disadvantaged Urban Areas, and Rural Poverty.

### **3. What is Poverty Proofing?**

3.1 Poverty proofing is defined as follows:

*" Poverty proofing is the process by which Government Departments, local authorities and State agencies assess policies and programmes at design and review stages in relation to the likely impact that they will have or have had on poverty and on inequalities which are likely to lead to poverty, with a view to poverty reduction."*

3.2 The primary aim of the process is to identify the impact of the policy proposal on the poor so that this can be given proper consideration in designing the policy. It is not intended that Poverty Proofing would require that all policies be fundamentally transformed so that they are **explicitly** targeted at the disadvantaged. (Attention is drawn to the point made at 3.3 following.)

3.3 The potential effects of some policy proposals may be ambiguous in the sense that the policy may have a positive effect on some poverty risk groups and a negative (or no) effect on others. In such cases, **all** potential effects should be highlighted. One should consider the varying effects (if applicable) to each of the poverty risk groups as outlined below (4.4) and how any adverse effects on these groups might be counteracted. The possibility of particular groups being inadvertently excluded from the potential benefits of a proposal should also be noted.

### **4. Poverty Proofing Procedure**

4.1 The procedure outlined below is as previously circulated in the document, "Policy Proofing in the Context of the National Anti-Poverty Strategy".

#### **4.2 Proofing What?**

Poverty proofing should be undertaken in the following circumstances:

- \* in the preparation of **SMI Statements of Strategy and Annual Business Plans;**
- \* in **designing policies** and preparing **Memoranda to Government** on significant policy proposals;
- \* in the preparation of the **Estimates and Annual Budget proposals** - this will also include **expenditure reviews** and **programme evaluations;**
- \* in the preparation of the **National Development Plan** and other relevant EU Plans and Programmes; and
- \* in the preparation of **legislation.**

### 4.3 **Proofing How?**

In the circumstances outlined above, Departments should individually address the following questions:

- \* What is the primary objective of this policy / programme / expenditure proposal?
- \* Does it . . .
  - i) help to prevent people falling into poverty?
  - ii) reduce the level (in terms of numbers and depth) of poverty?
  - iii) ameliorate the effects of poverty?
  - iv) have no effect on poverty?
  - v) increase poverty?
  - vi) contribute to the achievement of the NAPS targets (including subsidiary targets under the five themes)?
  - vii) address inequalities which might lead to poverty? (See 4.5 below)
  - viii) as proposed, reach the target group(s)? (See 4.4 below)

and what is the rationale and basis of the assessment (for example, administrative data sources/household survey data, Working Group or Task Force Reports etc.) behind each of these replies?

- \* If the proposal has the effect of increasing the level of poverty, what options might be identified to ameliorate this effect? [*this could include proposals to counteract adverse effects which may be identified for certain sub-groups even where the impact on the overall population is positive - see 3.3 above.*]
- \* If the proposal has no effect on the level of poverty, what options might be identified to produce a positive effect? [*Again this could address any potential for certain social categories to miss out on benefits generally available to the target group.*]

### 4.4 In answering these questions, **particular attention should be paid to those groups which have been identified as being either in persistent poverty or known to be at risk of poverty** (in both rural and urban areas), viz.:

- \* the unemployed, particularly the long-term unemployed;
- \* children, particularly those living in large families;
- \* single adult households and households headed by someone working in the home;
- \* lone parents;

- \* people with disabilities;
- \* older people, in particular households headed by a retired person;
- \* members of the Traveller community;
- \* the homeless;
- \* ethnic minorities.

*[It should be noted that the extent and composition of these groups are likely to change over time and the focus of proofing would change accordingly over the lifetime of the NAPS.]*

4.5 Particular attention should also be paid to **inequalities which may lead to poverty**. These could arise, for instance, in the context of age, gender, disability, belonging to an ethnic minority (including membership of the Traveller community) or sexual orientation.

## **5. Evaluation**

5.1 Poverty Proofing is currently in place on a pilot basis. The effectiveness of the process is being reviewed.

Should you have any queries on these guidelines, please contact the Office for Social Inclusion, Department of Social and Family Affairs at (01) 7043851 or 7043827, or [osi@welfare.ie](mailto:osi@welfare.ie). (April 2005 contact details).

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