

**Submission to the Department of An  
Taoiseach**

**On the  
Draft National Risk Assessment 2016**

**SVP Social Justice and Policy Team**

**July 2016**



## **Introduction**

The Society of St Vincent de Paul welcomes the opportunity to make a submission to the Department of An Taoiseach on Ireland's National Risk Assessment 2016. The Society of St Vincent de Paul (SVP) exists to fight poverty and works for the creation of a more just, caring nation. Through our wide range of services we provide practical support to people in need. Established in 1844, we are the largest, voluntary, charitable organisation in Ireland with over 11,000 volunteers.

Many of the risks identified in the consultation document are likely to have a disproportionate impact on low income households such as those assisted by the SVP. While the implications of the result of the referendum on Britain's membership of the European Union are yet to be fully understood, SVP is concerned that the impact of this will also be felt disproportionately by individuals and families who, for a variety of reasons, are struggling and experiencing hardship, poverty and social exclusion.

### **The risks posed by poverty and inequality**

In 2014, there were 751,000 people at risk of poverty in Ireland. This poses a strategic risk to Ireland's national well-being and has implications in terms of the risks identified in the consultation document. The government is committed to lifting 97,000 children out of consistent poverty by 2020, an ambitious target that requires investment in income supports and public services if it is to be met. There is a growing realisation that, as well as causing social problems, inequality also has a negative impact on economic growth. See, for example, *The Economist* June 2015<sup>1</sup>.

The risks posed by poverty and inequality are significant risks which should be included in Ireland's National Risk Assessment.

### **3.2 Ensuring an affordable, sustainable and diverse energy supply**

The recently published *Strategy to Combat Energy Poverty* estimates that almost 28% of households in Ireland experience energy poverty. These individuals and families are particularly at risk if energy costs increase. Increases in the Public Service Obligation (PSO) are proposed by the Commission for Energy Regulation. The PSO has increased from €19.33 in 2011 to €60.09 and it is proposed to increase it to €80 from October 2016, a four-fold increase in five years. VAT is also payable on the PSO. The PSO takes no account of ability to pay. The operation of the PSO should be reviewed in light of the need to move to a low carbon system which has implications for both the subsidies provided to generating plants which are covered by the levy as well as the need to fund the development of renewable sources of energy.

### **3.4 Undersupply of housing**

SVP recommends that this risk is expanded. Changing trends in housing tenure pose risks for Ireland. In 1991 Ireland's rate of home ownership peaked, with 80% of households owning their own home (with or without a mortgage). By 2011 the rate of home ownership had fallen to 71%. The numbers renting from a local authority or approved housing body peaked in 1961 at over 18% and declined to just under 9% in 2011. While the decline in home ownership has occurred across all

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<sup>1</sup> <http://www.economist.com/blogs/economist-explains/2015/06/economist-explains-11>

social classes, it is most marked among low-skilled persons, single persons and one parent families (NESC, 2014). The National Economic and Social Council estimates that 25-30% of households will be unable to access home ownership. The implications of this need to be assessed, particularly in a context with declining access to social housing and increasing rents in the private rented sector.

Some of the questions to consider in this context include the following:

Is it likely that access to secure housing will be confined to those on higher incomes only, as those on lower incomes who are unable to buy and who cannot access social housing due to the lack of supply will continue to be housed in the private rented sector indefinitely?

Is it likely that particular household types, for example single persons and lone parents, will face more barriers to home ownership, resulting in home ownership becoming concentrated among certain household types?

Will there be additional pressures on pensions, as home ownership declines among older people and housing costs have to continue to be paid into old age?

Will the unequal distribution of wealth in Ireland become even more entrenched as those who cannot currently access home ownership do not have an asset to pass on to their children, while at the same time the inheritance rights of better off families are being improved?

Will there be additional pressure on the State, as it continues to subsidise rents in the private rented sector for those who cannot buy and who cannot afford to meet their housing costs from their own resources, including older people on low incomes?

The private rented sector as it currently operates does not provide affordability or security of tenure to tenants. The homeless crisis is the most extreme manifestation of this failure. Long waiting lists and the collapse in the supply of social housing means that it is not a feasible option for many households. The decline in home ownership cannot be seen in isolation from these factors. A longer term view of housing in Ireland is needed, where the future implications of current trends are analysed and understood if we are to develop a housing system where everyone can access affordable and secure housing across the lifecycle.

A failure to tackle the social housing waiting list also poses risks for Ireland's social and economic development and should be analysed in this section of Ireland's National Risk Assessment.

### **5.1 Long term exclusion from employment**

The European Commission, in its Country Specific Recommendations for Ireland 2016, has expressed concerns about long term unemployment and low work intensity households. The Commission notes the importance of the availability of affordable, quality, full time childcare to support parents in taking up employment and reducing the poverty risk of children. The risk of long term exclusion from employment needs to include some reference or recommendations on how to support people to combine caring work (for children, older people, people with disabilities etc) and employment. Otherwise labour market interventions will not be successful and this risk will remain unaddressed.

## 5.2 Human Capital

One of the risks that is currently not included in this section is low progression rates to third level and further education among the lowest socio-economic groups. SVP's submission to the Higher Education Authority which references this issue can be accessed on our website<sup>2</sup>. Fees for part time courses can mean that those who are unable to study full time, for example for family reasons, may be excluded from taking part. Maternal education levels are closely related to levels of child well-being and child poverty, and Government is committed to lifting 97,000 children out of consistent poverty by 2020. Research has shown that better educated parents have better educated children and children who also enjoy better social-emotional adjustment and physical health.<sup>3</sup> All of these factors provide a rationale for increased supports for parents to engage in higher and further education. However, it has become more difficult for lone parents to take up education or training due to the reforms to the One Parent Family Payment, increasing the risk that these parents and their children will continue to experience poverty and social exclusion.

## 5.3 Expenditure pressures

Ireland's low level of public investment is a risk which should be referenced in the National Risk Assessment. Resources and investment are needed to address the housing and homelessness crisis and inadequate investment in childcare and afterschool care which pose risks.

## 5.5 Chronic diseases

As well as chronic diseases affecting the older population, it is likely that increases in chronic diseases will disproportionately affect people of working age in lower socio-economic groups, which is important to consider when assessing the economic burden on both families and wider society.

## Conclusion

The National Risk Assessment is a welcome development. We suggest that it could be strengthened by integrating it more with the development of other strategies and action plans, for example the forthcoming Action Plan for Housing.

## Further information

For further information please contact the Society of St Vincent de Paul, tel 01 838 6990, email [info@svp.ie](mailto:info@svp.ie)

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<sup>2</sup> <http://www.svp.ie/getattachment/8c62cb8d-404d-4ae0-b857-6d13d74afcbe/SVP-submission-on-Higher-Education-Authority-of-Ir.aspx>

<sup>3</sup> James Williams et al, *Growing Up in Ireland, National Longitudinal Study of Children: The Lives of 9 year olds Report 1* (Economic and Social Research Institute, Trinity College Dublin and the Department of Children and Youth Affairs, 2009).