



# National Traveller Mabs

Money Advice & Budgeting Service

- Pre Budget Submission -

Budget 2016

Prepared June 2015

## Introduction

National Traveller MABS was formally established in 2005 and is fully funded by the Citizens Information Board (CIB). National Traveller MABS ***seeks to end the financial exclusion of Travellers in Ireland by effecting change in policy and practice, and by increasing financial capability within the Traveller Community (Strategy 2013 – 2016).***

### Profile of Travellers in the Republic of Ireland

The Traveller population is increasing steadily in Ireland. This is evident from CSO figures and figures recorded in the All Ireland Traveller Health Study<sup>1</sup>, which put the population at 36,224 in 2010.

According to equality legislation<sup>2</sup> and recent reports<sup>3</sup>, the Traveller community remains one of the most excluded and marginalised groups in Irish society. Census 2011 identified that 1 % of Irish Travellers completed third level education in 2011 compared with 30.7 % of the general population. The family composition of Irish Traveller households showed proportionally more lone parent households (20.5 % compared with 11.9 % of the general population) and 13 % of Irish Traveller women had had 7 or more children compared with 0.4 % of women generally. Such larger families contrasted with the census findings which indicate that on average Traveller families lived in smaller homes - the average number of rooms in Irish Traveller households was 4.3 compared with an average of 5.5 rooms for all private households in 2011.

In terms of employment, according to the Census 2011, a staggering 84.3% of Travellers were unemployed. This figure represents just under a 10% increase from the previous census figures. It can be easy to deduce, therefore, that many Travellers living in Ireland are surviving on social welfare.

The All Ireland Traveller Health Study carried out in 2010, linked such variances among the communities to social and institutional exclusion. National Traveller MABS recognises financial exclusion to be part of this. Even during the period 1998 to 2006 when Ireland experienced an economic boom, Travellers in general found it difficult to access legal

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<sup>1</sup> School of Public Health, Physiotherapy and Population Science, UCD (2010), All Ireland Traveller Health Study- Our Geels. Dublin: University College Dublin and the Department of Health and Children

<sup>2</sup> The Equal Status Acts 2000 and 2004 prohibit discrimination on nine grounds, one of the grounds being membership of the Traveller community.

<sup>3</sup> 1) The Experience of Discrimination in Ireland, Analysis of the QNHS Equality Module -Equality Authority and ESRI (2008)

2) Report by the The Irish Human Rights Commission (IHRC) to the United Nations (UN) Committee on the Elimination of Racial Discrimination on Ireland's record on combating racial discrimination in advance of the Committee's examination of Ireland's 3rd and 4th combined periodic reports to the UN on its efforts to meet its human rights obligations under the Convention on the Elimination of All Forms of Racial Discrimination (CERD) (2011). (<http://www.ihrc.ie>)

financial services. This maintained a need for Moneylenders within the community. With the financial crisis and the corresponding austerity and falling incomes over the past number of years, it would appear that dependence on the illegal moneylender has become even greater.

### Financial exclusion in Ireland

Levels of financial exclusion are significantly higher in Ireland than in 12 of the 15 EU countries. A recent report in the Irish Independent (June 23<sup>rd</sup>, 2015) highlighted the increasing number of people using legal moneylenders as a source of credit. It is estimated that close to 400,000 people are using legal moneylenders in a country that has most likely the most extensive network of credit unions in the world. However, due to the limitations of lending imposed by the financial regulator, credit unions are not meeting the needs of the most vulnerable in our society.

In March 2011, the Minister for Finance agreed to address the issue of financial exclusion as part of its decision to restructure the Irish banking system. The Government's Financial Inclusion Strategy which followed, committed to substantially reduce the level of financial exclusion in Ireland by 2015, in line with the commitment agreed with the European Commission. This has not happened.

Additionally, according to a recent report funded by the Central bank of Ireland and the Social Finance Foundation, poverty is still at a high level. The report identified that 17% of people were becoming indebted to pay for ordinary living expenses, 54% of people were unable to afford unexpected expenses and 65% were unable to save.<sup>4</sup> National Travellers MABS can testify that many Travellers in Ireland would face all three of these financial challenges.

The National Traveller MABS, Pre Budget Submission 2016, is calling for greater financial inclusion. This submission will focus on two specific areas of concern to the Traveller community that are limiting the Traveller community's ability to participate fully in Irish society.

These are -

- 1. Access to a personal micro lending mechanism for those on low income and**
- 2. Provision of caravan loans by all local authorities**

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<sup>4</sup> <http://www.sff.ie/wp-content/uploads/2015/05/140901-Creating-credit-not-debt-Final-GG-report-V2.pdf> Georges Gloukoviezoff, UCD Geary Institute

## Access to a personal micro lending mechanism for those on low income

National Traveller MABS has supported many Travellers in accessing affordable credit through their credit union using the Household Budget Scheme. The Household Budget Scheme is a free scheme available to those on social welfare to pay certain utilities and local authority rents.

In 1997, the HHB Scheme was extended to include the **Lough Payment Scheme**<sup>5</sup>. The Lough Payment Scheme, jointly managed by Lough Credit Union and Cork MABS, was established to facilitate MABS clients nationwide to pay additional creditors other than the Local Authority and utility companies.

Deductions are taken at source and directed through the Lough Payment Scheme via the An Post HHB scheme to pay creditors. The facility was offered to MABS clients who would be classified as **financially excluded**<sup>6</sup> or vulnerable. However, the Social Welfare Act 2012 made changes to the creditors that can be paid under the HHB scheme. It requires An Post to have an agreement in place with all relevant creditors to make deductions from an individual's social welfare payment. Going forward deductions can **only** be made to a limited number of creditors. This change impacts many MABS clients who use the system to repay loans and pay for non- local authority rents and mainstream utility costs. .

Many Travellers **do not** have bank accounts and would find it difficult to open and/ or maintain a bank account. Additionally, many would struggle to make weekly repayments in person – this may be due to low income, prioritising debts and expenses, access to transport or physical and mental health issues.

The Lough Payment Scheme secures the repayment of the legal debt and allows a pathway to future legal borrowing. This may not be the case if an individual cannot avail of this method of direct deduction. Failure to pay a legal debt may close the door for future legal borrowing for many and may leave them with no option but to borrow from an illegal lender or high interest door-to-door credit companies

National Traveller MABS has been calling for an end to financial exclusion for the past 16 years. It has worked closely with many organisations on projects and on policy papers to address this issue. As a CIB funded organisation, it fully supports the findings of the CIB 'that personal debt and lack of access to credit are issues of growing concern'. In their 2013 submission to the Minister for Social Protection, the CIB outlines its concerns for people who, due to their low income levels, are excluded from accessing affordable mainstream credit. The paper called for the need for a new

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<sup>5</sup> Also known as **MABSlink** and **Cork MABS Household Budget**

<sup>6</sup> 'Financial exclusion is defined by the European Commission as "a process whereby people encounter difficulties accessing and/or using financial services or products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong"

financial model of micro lending to be made available to people who are financially excluded. The need for personal micro credit or access to a micro loan fund for the most financially excluded has not only been championed by National Traveller MABS and the CIB but also by many other organisations, such as the Social Finance Foundation and the Money Advice and Budgeting Service (MABS).

**National Traveller MABS Recommends that:**

- 1. The government fully support the establishment of a personal micro lending mechanism for those on low income who are financially excluded which will be fully effective, affordable, easy to access, and allow for flexible repayment options***
- 2. Until there are suitable and affordable saving, credit and payment options available to the financially marginalised members of our society, National Traveller MABS submits that the 290 Social Welfare Consolidation Act 2005 should be amended to allow for the Lough Payment Scheme to be included.***

## Provision of caravan loans by all local authorities

In 1998, the Housing (Traveller Accommodation) Act was enacted which highlighted the way forward for local authorities in the provision of Traveller specific accommodation. The Act assigned to local authorities the task of providing loans to members of the Traveller Community to purchase a caravan. Following on from this, in 2000 the Department of Environment and Local Government (DOELG) formally established a caravan loan initiative which was to be administered locally by each authority.

In 2008, capital spending on Traveller accommodation was at €40 million. This figure has been vastly reduced in the proceedings years, with it standing at €4 million in 2013 - one tenth of what it was in 2008. In addition to such cuts, in some cases allocated funds for Traveller accommodation is not spent and is consequently taken back from the local authority in question. For example, Dublin City Council spent only €3.77million of its €15.85 million budget for 2007-2012.

Allocated funding is not specifically for caravan loans however. It also covers the cost of new builds, maintenance of existing sites and the purchase of new homes. This amount is distributed nationally to local authorities. It is unclear the specific amount that each local authority allocates to caravan loans. The Irish Traveller Movement recently conducted a survey of local authorities to identify those that administer caravan loans. Of the 31 local authorities, 14 responded. Of the 14, only 6 local authorities stated that they provide loans to Travellers for caravans in their area. In other words, we can only verify that one fifth of local authorities report to administer caravan loans.

The failure by many local authorities to offer caravan loans has pushed many Travellers into standard social housing or private rented accommodation which often has proven negative consequences. Some of these include the higher cost for utilities, isolation from the wider family network, prejudices from neighbours and can lead to isolation and mental health problems. Additionally, it is becoming more and more difficult for people on social welfare and rent supplement to access private rented accommodation due to the

- rising rents and
- lack of legislation in this area, landlords can often refuse someone on rent supplement.

According to the 2014 Simon Community's Review to the Rent Supplement Limits, *'this is to be expected when the Government insists on keeping rent supplements at lower levels than market rents'*.

Culturally Travellers choose to live in close proximity to their family; halting sites and group housing schemes being the choice of the majority. This preference is becoming more difficult to achieve.

Those who do choose to live in a caravan and have access to an official halting site are finding it impossible to access credit to purchase a home and are being forced to turn to family or an illegal moneylender for finance to provide a roof over the family. In the experience of National Traveller MABS, borrowing from family can bring added pressures if repayments cannot be met. Moreover, being in debt to an illegal moneylender brings serious financial and emotional stress to a family with demands of over 100% interest being impossible to meet.

National Traveller MABS has supported many families in gaining access to affordable credit through their credit union. A upcoming review of the work National Traveller MABS has undertaken in this area, shows a high level of repayment and a very low level of default. While National Traveller MABS work in this area was a success, the option to continue supporting Travellers in this way has ended with the ending of the Lough Payment Scheme above.

**National Traveller MABS Recommends that:**

- 1. The Department of Environment, Community and Local Government to insist on the provision of caravan loans for Travellers in all local authorities in the Republic of Ireland.***
- 2. Each local authority puts in place a transparent system of assessing tenants for loans, providing loans, and monitoring repayments. In addition an accessible method of repayment should be provided to support people in repaying the loans.***