

# National Traveller Money Advice and Budgeting Service

## Pre Budget Submission

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For 2012 Budget



Prepared October 2011

## Background

Since its establishment in 2005, National Traveller MABS has worked consistently to ensure the financial inclusion of Travellers in Irish society. As a Traveller dedicated organisation it focuses on the issues of over indebtedness and exclusion from financial institutions. Adopting a national strategy; *National Traveller MABS seeks to empower by supporting capacity building within the Traveller community and ensuring equality of access to legal and affordable financial services for all* (Strategic Plan, 2010-2012).

### **Profile of Travellers in the Republic of Ireland**

There are 36,224 Travellers living in the Republic of Ireland today<sup>1</sup>. Travellers have not been officially recognised as an ethnic minority in the Republic of Ireland, unlike in the UK and Northern Ireland. However recent equality legislation<sup>2</sup> and reports have recognised the Community to be one of the most excluded and marginalised groups in Irish society. Such marginalisation impacts on the level of employment, health, education attainment, accommodation and financial inclusion within the Community.

**Employment:** The 2006 census revealed that Traveller unemployment ran at 74.9% compared to a national level of 8.4%<sup>3</sup>. In the current economic climate these numbers are likely to have risen further.

**Education:** 77% of Traveller youth have no qualification beyond completion of primary education and less than 4.1 % of Travellers completed second level<sup>4</sup>.

**Accommodation:** Less than 6% of Travellers own their own home while many remain in unofficial halting sites or live on the side of the road.

**Health:** Life expectancy for a Travellers man is 61.7 years compared to 76.8 in the general population while life expectancy for a Travellers woman is 70.1 years compared to 81.6 in the general population<sup>5</sup>.

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<sup>1</sup> Our Geels: All-Ireland Traveller Health Study 2007-2010, UCD School of Public Health and Population Science.

<sup>2</sup> The fact the Equal Status Acts 2000 and 2004 prohibit discrimination on nine grounds, one of the grounds being membership of the Traveller community, is evidence of the marginalisation and exclusion Travellers face in society.

<sup>3</sup> CSO 2006

<sup>4</sup> Our Geels: All-Ireland Traveller Health Study 2007-2010, UCD School of Public Health and Population Science

<sup>5</sup> Our Geels: All-Ireland Traveller Health Study 2007-2010, UCD School of Public Health and Population Science

Suicide in the Traveller community accounts for 11% of all Traveller deaths, seven times higher than the rate for the general population<sup>6</sup>.

Finance:

The Annual Survey of Income and Living Conditions (SILC), carried out by the Central Statistics Office, does not cover Travellers as a distinct group. Therefore it is difficult to know the extent and nature of personal indebtedness within the Traveller community. However in the course of its work, National Traveller MABS has identified a high level of financial exclusion and regular use of illegal moneylenders within the community.

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<sup>6</sup> Our Geels: All-Ireland Traveller Health Study 2007-2010, UCD School of Public Health and Population Science

## Economic Context

National Traveller MABS acknowledges the impact of the current recession on state finances. Nevertheless while attempting to tackle the discrepancy in the states financial accounts, the government must remember the financial pressure most people in the country are experiencing. Growing waiting lists in MABS, particularly of those previously on middle income reflects the depth of the economic crisis.

However as the number of MABS clients suffering from the over exposure to legal credit grows, it must be acknowledged that many people within our society who suffered consistently from financial exclusion never experienced the economic boom. The increased demands on an already overstretched services by the people overexposed to legal credit, is contributing to the further exclusion of the long term economically marginalised.

NTMABS in developing its Pre-budget submission 2012, seeks to ensure a voice for many within the Traveller community who are excluded, or may be excluded in the future from accessing employment, services and supports. We particularly focus on the importance of financial inclusion as it is an essential element for the development of any section of society.

In developing our recommendations we have identified a number of critical areas;

- Welfare and Taxation
- Employment
- Health
- Education
- Financial Inclusion
- Accommodation and utilities
- Equality

National Traveller MABS trust that in preparing Budget 2012, policy makers will carry out a social impact assessment study on all proposed changes in keeping with the guidelines set out by the Office of Social Inclusion (2008)<sup>7</sup>.

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<sup>7</sup> *Poverty impact assessment should be carried out at all stages where significant policy proposals or changes are being considered, including where an existing policy is being evaluated with a view to possible change. Poverty impact assessment should not be considered as something to be performed after a decision has been made but rather as an inherent part of the policy development process: Office of Social Inclusion, Guidelines for Poverty Impact Assessment (2008)*

## 1. Welfare & Taxation

***The office of Social Protection exists to protect the most vulnerable.*** Carrying out a detailed assessment of the economic and social impact on vulnerable groups of proposed cuts in welfare and increases in taxation is essential to prevent people being driven further into a poverty trap.

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

- 🕒 Maintain social welfare rates
- 🕒 Maintain the earnings disregard for One Parent Family Payment
- 🕒 Address the failure of the state to provide for the self employed in regard to social welfare
- 🕒 Ensure that all qualified adults are paid directly and are paid the same rate as the main claimant
- 🕒 Support those receiving benefits in re-entering the workforce or participating in employment schemes by eliminating barriers to work, such as the cost of childcare, the loss of secondary benefits and the high rate of tax for those receiving a wage
- 🕒 Maintain child benefit as a universal payment and ensure that all children living in the state can avail of it
- 🕒 Abolish the habitual residency condition which impacts on many who have contributed to the Irish economy or have an entitlement to reside here
- 🕒 Examine the impact of direct provision accommodation on the health and welfare of residents and restructure accordingly
- 🕒 Maintain Exceptional Needs Payment, as a 'Last Resort' for very vulnerable people
- 🕒 Introduce a statutory based Bereavement Allowance to ensure that a bereaved family are not forced to apply for an Exceptional Needs Payment to help cover the cost of a funeral
- 🕒 Remove barriers for people entering the workforce by reducing the tax rate for those between the minimum wage and the average industrial wage

## 2. Employment

Research into the economic activities of Traveller culture identifies an emphasis on income generation as opposed to waged employment within the community. Barriers to Travellers accessing the mainstream labour market include educational standard, lack of role models and discrimination.

The majority of Travellers are unemployed and are dependent on social welfare payments<sup>8</sup>. Such high level of unemployment within the community remained with us throughout the boom. In order that the issue be positively addressed National Traveller MABS urges that the 2012 budget;

- Make provision for diversity awareness in job creation and training, for example adopting an interagency approach, including engaging with Traveller representatives and other marginalised groups
- Protect secondary benefits to encourage people to enter / re-enter the workforce
- Provide for the necessary supports, for example cost effective childcare, in order that those between the minimum wage and the average industrial wage with families are able to accept employment
- Monitor the use of the Work Placement Programme, JobBridge and Tús to ensure they build the skills of the participants and are not used as a form of cheap or free labour
- Extend the duration a participant can stay on Back to Work Enterprise Allowance (BTWEA) to 3 years to allow a business become established
- Recognise atypical work patterns by calculating unemployment payments on the basis of hours worked rather than days worked per week
- Reduce the hours threshold for FIS to support job retention

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<sup>8</sup> Report of the Task Force on the Travelling Community, 1995

### 3. Health

The publication of the All Ireland Traveller Health Study (2010) has clearly identified some worrying concerns relating to the health of the Traveller community. National Traveller MABS calls for the following steps to be taken in the 2012 Budget to begin addressing such anomalies.

- 🌀 Invest in supports that effectively address the link between debt and its impact on mental health
- 🌀 Sufficiently fund Traveller primary health care and counselling services
- 🌀 Increase the income threshold for accessing a medical card to encourage people to take up employment.

### 4. Education

National Traveller MABS places huge importance on education as a method of debt prevention and a means of empowerment. The education strategy of National Traveller MABS is designed to ensure the development of culturally appropriate education programmes focused on the financial inclusion of Travellers in Society. The delivery of appropriate financial education and advice is critical to ensure financial empowerment.

National Traveller MABS are concerned that the planned cuts in Education, such as the closure of the Senior Traveller Training Centres, will reduce the ability of National Traveller MABS to deliver training to the Traveller population. Additionally cutbacks in support for children attending primary and secondary levels will reduce access for children and possibly undo recent progress in Traveller education.

National Traveller recommends that the following steps are taken to reduce the impact on the Traveller community of cuts in education.

- 🌀 Ensure adequate and continued funding for PHC courses to Traveller Projects
- 🌀 Assign funds for the development of Primary Education Worker Training within the Traveller community - This would be similar to the concept of PHC workers within the community but would focus on education and would fulfil the role previously done by the Visiting Teachers for Travellers
- 🌀 Ring fence resources to develop appropriate Adult Traveller education
- 🌀 Assign sufficient funds to MABS to ensure that adequate resources are made available for the promotion of comprehensive debt prevention and financial literacy community education programmes

- 🌀 Introduce a comprehensive financial awareness programme funded by the banking industry<sup>9</sup> and designed, developed and implemented to meet the needs of the most marginalised<sup>10</sup>
- 🌀 Retain school transport schemes for Travellers to support the increasing numbers of Travellers attending second level
- 🌀 Ensure supports are in place for those currently attending Senior Traveller Training Centre's to transfer to alternative education courses.
- 🌀 Provide supports to Traveller women with care responsibilities to enable them to access the full range of education and training opportunities

## 5. Financial Inclusion

National Traveller MABS has highlighted on an ongoing basis the issues surrounding exclusion from mainstream banking for marginalised groups, in particular, members of the Traveller community. The organisation has continually noted that the problem was not the lack of availability of financial services appropriate to the needs of the excluded, but rather lack of access to existing services<sup>11</sup>.

NTMABS is confident that the recent government Financial Inclusion Strategy (Final Report, 2011) which proposes the development of a Basic Payment Account (BPA) for all financially excluded will begin to address this issue. However while we welcome the acknowledgement of the Department of the need for access to financial services for all, we caution on the development of a separate product for the financially excluded. National Traveller MABS recommends the following:

- 🌀 Access is provided for all to existing basic banking services. National Traveller MABS are concerned that the establishment of a Basic Payment Account (BPA), exclusive to those on low income, may lead to exclusion within inclusion, and may be seen as a “poor man’s bank account”. Allowing access

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<sup>9</sup> Section 45 of the Credit Institutions (Financial Support) Scheme 2008, specifies that “..... The Irish Banking Federation, on behalf of all covered institutions, submits a bi-annual report to the Minister on goals and targets laid down by the Minister in relation to Corporate Social responsibility, including the goals and targets with respect to .....the development of financial education...”

<sup>10</sup> The programme could be developed and delivered with the support of organisations such as National Traveller MABS, MABSndI and NGO's and groups representing the financially excluded.

<sup>11</sup> The Criminal Justice Act, 1994, placed an obligation on financial institutions to “take reasonable measures to establish the identity of any person for whom it proposes to provide a service”. Guidelines detailing acceptable forms of identification clearly laid out alternatives to the standard forms of ID. This was to ensure access to all. However the failure of many financial service providers to implement these guidelines, led to the widespread exclusion of many, to financial services over the past decade.

to existing products will ensure easier access to other financial products when the financial circumstance of the individual improves.

- The unbanked are not pressurised into operating a bank account. While paying bills by direct debit reduces the costs of utilities and having a bank account allows for easier transition into the workforce, managing in a non cash environment is very difficult for people with limited resources. This may be compounded when literacy and language difficulties exist. Use of a bank account for money management can undermine previously successful cash based money management strategies<sup>12</sup>.
- Savings and credit initiatives are introduced: As every bank account operated will result in significant cash savings for the State (National Payments Strategy)<sup>13</sup>, consideration should be given at the onset to allocate such savings back into a saving incentive scheme for low income newly banked customers. This would act as an incentive and would establish an essential savings feature. Similarly a credit initiative could be considered in conjunction with the credit union movement.<sup>14</sup>
- Initiatives to address financial exclusion worldwide are explored: Access to a basic bank account is one path to financial inclusion. However throughout the world new developments in financial products are proving that traditional bank accounts are no longer the sole gateway to financial inclusion. Possible options currently growing in importance worldwide include pre-paid credit cards and mobile phone money services. Initiatives such as these have been operating and gaining continuous momentum among the unbanked worldwide. In the US and Europe, growing importance is now being placed on them and some providers even including a savings mechanism. Both the prepaid cards and the mobile phone money services are being used as a means of safe payment for person to person money transfer
- Legislation to ensure good governance is introduced: Legislation should replace the Financial Regulators Statutory Consumer Protection Code and Consumer Protection Code for Licensed Moneylenders.

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<sup>12</sup> Research carried out by Toynbee Hall Think Tank found that low income consumers with bank accounts have higher level of borrowing and arrears than their unbanked counterparts: November 2005

<sup>13</sup> The National Payment Strategy promotes the wider use of electronic payments and discourage the use of cash and cheques for payments.

<sup>14</sup> For more detailed recommendations please see Response to the Strategy for Financial Inclusion (Final Report) submitted to the Dept of Finance; July 2011

## 6. Housing and Utilities

National Traveller MABS advocates on behalf of Travellers residing in all types of accommodation. However it is evident that the vast majority of Travellers do not own the land they reside on<sup>15</sup>. Therefore the importance of security of tenure is crucial. While unmanageable mortgage payments are high on the agenda of government policy, it is critical that the difficulties many face in meeting rents are also taken into account. Additionally the increasing cost of utilities and the issue of homelessness must be addressed. National Traveller MABS therefore makes the following recommendations in relation to Budget 2012.

- There is a recognition that caravans are the home of choice for many Travellers and that social lending structures are explored to ensure Travellers access to affordable sustainable loans. This would allow for the maintenance of existing caravans and the purchase of long life caravans.
- That provision be set aside for the implementation of an efficient and realistic caravan loan and grant scheme by the Department of the environment
- That provision is made in accommodation policy for the movement of people due to relationship breakdown and domestic violence to ensure families do not become homeless
- That no reduction is made to the Fuel Allowance payment in Budget 2012
- That the commitments contained in *Towards 2016* and the National Action Plan for Social Inclusion with regard to social housing are carried through

## 7. Equality

Equality is key to the vision of National Traveller MABS. The current economic crisis is taking its toll on advances made over the last decade in the area of equality promotion and assurance. However it is at precisely such challenging times that the need for such protections is most needed, with an increasing number of reported cases of racism and discrimination. National Traveller MABS welcomes the commitment in the Programme for Government 2011 to 'require all public bodies to take due note of equality and human rights in carrying out their functions'. To carry out this commitment, National Traveller MABS calls for the following to be considered in the 2012 budget.

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<sup>15</sup> National Traveller Accommodation Consultative Committee Annual Report 2008

- That MABS frontline services are given additional resources to ensure they are able to continue to carry out their duties and meet the needs of all those requiring their support
- That a Positive Duty<sup>16</sup> for public sector organisations is introduced.
- That compulsory diversity awareness training is introduced for all government funded organisations including state supported banks.
- That adequate funding and the necessary legislative amendments are provided for the proposed **Human Rights and Equality Commission**, to ensure that the original functions of the existing *Equality Authority* and *Human Rights Commission* can be carried out in full. Specifically the promotion of equality and the provision of independent assistance to victims of discrimination must be protected and enhanced within the newly established **Human Rights and Equality Commission**.

This Pre-budget submission was prepared by National Traveller MABS in October 2011. Recommendations, if adopted, will improve the lives of the more marginalised in society by protecting incomes, encouraging education and training, promoting participation in the labour market, improving health and ultimately increasing spending once more in the economy.

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<sup>16</sup> A positive duty is a requirement for public sector organisations to have due regard to eliminating discrimination and promoting equality for groups covered by equality legislation, and to protect and fulfil human rights, in carrying out their functions. The Programme for Government 2011 contains a commitment to 'require all public bodies to take due note of equality and human rights in carrying out their functions'.