



# Pre-Budget Submission 2024 to the Department of Social Protection

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## A Roadmap for the Reform of Carer's Allowance



“ For too long, women and girls have carried a disproportionate share of caring responsibilities and have been discriminated against at home and in the workplace. ”

Taoiseach Leo Varadkar

In November 2023 Ireland will hold a referendum on equality and care, as recommended by the Citizens' Assembly and the Joint Oireachtas Committee on Gender Equality. If successful, the new Article 41.2 will enshrine the value of care work in the Constitution and oblige the State to take reasonable measures to support carers. Additionally, both the Citizens' Assembly and Oireachtas Committee on Gender Equality made unequivocal recommendations in relation to the reform of Carer's Allowance, including the need to increase the income disregards and earnings thresholds, the need to disregard the costs associated with care and increase the hours a carer is allowed to work or study as well as the possible introduction of a Participation Income for carers.

Family Carers Ireland acknowledges the efforts made by the Minister and her Department to increase the income and capital disregards for Carer's Allowance in Budget 2022, and the commitment to introduce a pension solution for long-term carers in January 2024. However, we believe a much more fundamental change is needed. We believe it is time to begin to transition from the outdated means-tested Carer's Allowance scheme and work towards a more equitable and gender-balanced scheme for carers. One that reflects the reality of contemporary caring relationships and families today, and that values and fairly compensates the immense contribution made by carers as well as the State's reliance on them. This ambitious change requires the Department to approach its categorisation and assessment of carers in a new and progressive way. We believe that the ambition, motivation and political will exists to achieve this.

## Budget 2024 Priorities

**Increase the Carer's Allowance income disregard to €1,000 (couples) and €500 (single carers) in Budget 2024, with a similar increase in Budgets 2025 and 2026, with the full abolition of the means test by 2027.**

Family Carers Ireland has repeatedly called for an overhaul of the Carer's Allowance scheme, which was first introduced 33 years ago and this remains

our priority in Budget 2024. We are calling on Government to use Budget 2024 to begin a 4 year journey, which would see a consistent increase in the income disregard in Budget 2024, Budget 2025 and Budget 2026 with the abolition of the Carer's Allowance means test and the introduction of a Family Carer Payment (i.e. Participation Income) for full-time family carers by 2027. Under the Family Carer Payment, all existing eligibility criteria attached to the Carer's Allowance scheme would remain with the exception of the means test.

## What is a Participation Income?

A Participation Income is a form of State income support that enables and values certain forms of unpaid work. A Participation Income is similar to a Universal Basic Income however the main difference is that individuals have to do something socially valuable in exchange for the money they receive. Care work is often referenced as one of the most deserving forms of unpaid work suited to a Participation Income.

## How much will it cost?

- Parliamentary Budget Office estimates the cost of abolishing the Carer's Allowance means test would be an additional €397m p.a.<sup>1</sup>
- This is in line with the cost estimated by FCI of €389m p.a.<sup>2</sup>
- PBO estimate it would cost an additional €387m to raise the income thresholds to a level where

all carers in households with a gross income of less than €100,000 would qualify.



- These estimates are considerably less than the cost of €1.2bn suggested by the Department.<sup>3</sup>

*Both NESC and the Oireachtas Committee on Gender Equality recommend that consideration be given to a Participation Income for carers.*

1. Parliamentary Budget Office 'Costing Analysis on Abolishing the Means Test for the Carer's Allowance' May 30th 2023 as requested by Deputy Pauline Tully.  
2. FCI (2023) 'Estimating the Cost of Abolishing the Carer's Allowance Means Test'  
3. PQ (50414/221)

## Table 1: Budgets 2024 - 2027

The income disregard for Carer's Allowance increased by 250% during the 8 year period between 2000 and 2008. It has increased **only once** and **by just 14% in the 15 years between 2008 and 2023.**

	2023	Budget			
		2024	2025	2026	2027
	<b>Current</b>	<b>Current Increase Disregards</b>			<b>Participation Income</b>
 <b>Single Disregard</b>	€350	€500	€625	€750	<b>Abolition of the Means-Test</b>
 <b>Couple Disregard</b>	€750	€1,000	€1,250	€1,500	
<b>Cost</b>	-	€59.4m	€59.4m	€59.4m	

## Increase the rate of Carer's Allowance, Carer's Benefit and the Carer's Support Grant.

Research by the Vincentian Partnership for Social Justice published in April 2022, shows that even before the cost of living crisis, income supports for family carers were inadequate in supporting low-income households caring for a child with a profound intellectual disability to meet a Minimum Essential Standard of Living (MESL)<sup>5</sup>. **These households, which are representative of many caring situations, incur additional average weekly**

**costs of €244 compared to a similarly composed household with no disability or care needs.**

Worryingly, the additional costs are not only due to direct costs, such as medical care or transport but also the hidden costs of caring that are often unaccounted for in Government policy, including the costs forced on families when 'public' services are not available leaving families with little choice but to pay privately.

**Unpaid family carers save the State €20bn every year.**



**That's equivalent to a second HSE.**

The Vincentian Partnership's research also shows that the disadvantage experienced by caring households does not end as income increases. Even caring households with higher income levels have significantly less disposable income to meet the need for contingencies such as car or house repairs,

medical expenses, or unexpected bills.

These families, who often rely on a single income due to their caring responsibilities, face a multitude of financial battles as they are ineligible for almost all carer supports, yet face the same crippling costs of caring without recognition or support from the State.

4. Figures based on the PBO calculation estimating the cost of abolishing the Carer's Allowance means test at €397m (May 30th 2023) less their estimates for increasing the income disregard in intervals of €250 (couples) of €59.4m (PBO June 15th 2023) as requested by Deputy Pauline Tully.

5. MacMahon B, Bovlan, H, Thornton R. (2022) *Care at Home: Costs of Care Arising from Disability. The additional costs of a Minimum Essential Standard of Living for a household caring for an adolescent with a profound intellectual disability*. Dublin: The Vincentian Partnership for Social Justice & Family Carers Ireland.



**We are calling for Carer's Allowance and Carer's Benefit to be increased to €325 in Budget 2024, in recognition of the significant and unavoidable costs faced by caring families and to help them meet the rapidly rising costs of living (Cost €313.3m).<sup>6</sup>**

The Carer's Support Grant is an important payment that recognises the unique contribution of family carers. While the Grant can be used as the carer chooses, for many it goes towards the cost associated with caring or towards paying household bills. For some 5,500 full-time carers of people who are medically assessed as in need of full-time care, the Grant is the only financial recognition of the care they provide. **Family Carers Ireland is calling for the Grant to be increased to €2,000 in Budget 2024 (Cost: €21.8m).<sup>7</sup>**

## Why is reform of Carer's Allowance needed?

While Carer's Allowance has served the needs of many carers for over three decades, we believe the scheme is now overly restrictive, gender-biased and no longer fit for purpose. **Why?**

- It's outdated - introduced in 1990 for people living with and caring for a 'relevant pensioner'- it wasn't designed to meet the very different circumstances of carers who care for prolonged periods and need an income support that encourages rather than restricts their participation in work and education.
- It undervalues care work - Carer's Allowance is the only social welfare payment where recipients are expected to provide fulltime work (min 35 hrs) and in return receive just €16 more than the basic social welfare rate.
- It's inadequate - even before the cost of living crisis, households caring for a child with a profound intellectual disability face additional weekly costs of €244 - more than the maximum rate of Carer's Allowance'.
- Forces carers to be financial dependent on their partner - means testing based on the household income leaves family carers, the majority women, who don't receive Carer's Allowance financially reliant on their partner.
- Discourages employment - imposing an 18.5 hour ceiling on work/study traps carers, forcing them to remain welfare-dependent and unable to prepare for life after care.



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