

MONEY ADVICE
& BUDGETING
SERVICE

NATIONAL CONFERENCE 2002

*“Debt – A Social Policy Issue?
Towards a Response at National Level”*

8th & 9th March 2002

Conference Report

| <i>Contents</i> | <u>Page</u> |
|---|-------------|
| Organisation Profiles | 1 |
| Acknowledgements | 2 |
| Conference Programme | 3 |
| Rapporteur's Overview of Conference | 5 |
| Opening address by Deputy McGuinness TD | 9 |
| Egil Rokhaug, Ministry of Children and Family Affairs, Norway | 13 |
| John Mark McCafferty, Society of St. Vincent de Paul | 16 |
| Panel Discussion | 21 |
| Deirdre Carroll, Department of Social, Community & Family Affairs | 35 |
| Geraldine Cullen, Comhairle | 39 |
| Joan Conlin Ramsay, Dundee City Council, Scotland | 44 |
| Workshop Reports | 48 |
| Colm Butler, Department of An Taoiseach | 59 |
| Fr. Lorcan O'Brien, Bray MABS | 62 |

Organisation Profiles

Department of Social, Community and Family Affairs

It is the mission of the Department of Social, Community and Family Affairs to promote social well-being through income and other supports which enable people to participate in society in a positive way. Money advice is close to the core income maintenance business of the Department. The Department funds fifty three Money Advice and Budgeting Services throughout the country and funds Comhairle to provide training for MABS staff and management committee members.

MABS

The Money Advice and Budgeting Service (MABS) is made up of a network of local projects around the country which address the problems of money lending and over-indebtedness. MABS is for individuals or families, primarily those on low incomes, who need guidance in managing their finances in order to avoid getting into difficulties with creditors. The service is free and confidential.

The objectives of MABS are to:

- To provide an independent, free and confidential MABS to the target group to facilitate them to cope with their immediate debt problems and become financially independent in the long-term.
- To facilitate the target group to develop the knowledge and skills required to avoid getting into debt or to deal effectively with debt situations that arise.
- To identify sources of credit which can best meet the needs of the target group and facilitate them to access these sources.
- To work in partnership with other support agencies to provide an integrated system of supports which can be accessed by the target group as appropriate to their needs.
- To facilitate the target group to be involved in the planning and implementation of MABS to ensure that it is responding effectively to their needs.
- To ensure that the target group have equal access to MABS regardless of geographic location.
- To highlight changes in policy and practice which need to be implemented at local and/or national level in order to eliminate poverty and indebtedness.

Comhairle

The Money Advice and Community Education Service established within Comhairle (formerly the National Social Service Board) is responsible for providing a comprehensive training and support service to Money Advice and Budgeting Services around the country. This service is based within the Training and Development Service of Comhairle – Information for All. Comhairle, a new agency, established 12 June 2000, is responsible for the provision of independent information, advice and advocacy services for all, including people with disabilities.

Acknowledgements

The following individuals and organisations were thanked by Liam Edwards, National Co-ordinator, in relation to the conference:

- Deputy McGuinness TD
 - Keynote speakers
 - Panel Members
 - The couple from Kerry who spoke of their experience of over-indebtedness and their involvement with MABS
 - The Chairs of the various sessions
 - Workshop Presenters, Facilitators and Note-takers.
 - All the delegates for their attendance and valuable contributions which made the conference a success
 - Kilkenny MABS for hosting a visit to their centre
 - Conference Partners, the conference organisers
 - Kilkenny Ormonde Hotel, Kilkenny
 - Those who worked in the frontline and behind the scenes from Comhairle and the Department of Social, Community and Family Affairs
 - Dave Ellis, Rapporteur, and contributor to the conference report
 - And last but not least members of the Conference Sub-committee who prepared the programme and planned the conference, Liam Edwards (Chair), Adrienne Collins, Fidelma Costello, Jim Sadlier and Michael Saunders.
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- Special note of thanks to Adrienne Collins and Shona Bannon, Comhairle, for their contribution to the production of this conference report.

Conference Programme

Day 1 Friday, 8th March 2002

| | | |
|-------|---|--|
| 11.30 | Official Opening | Deputy McGuinness TD on behalf of Demot Ahern TD, Minister for Social, Community & Family Affairs |
| 12.05 | A co-ordinated response to Consumer Debt problems in Norway | Egil Rokhaug, Ministry of Children and Family Affairs Norway |
| 12.25 | Income Adequacy and Debt | John Mark McCafferty Society of St. Vincent de Paul |
| 14.00 | “Life after Debt” Case study followed by: Panel Discussion chaired by Liam O’Dwyer, SVP | |
| | <ul style="list-style-type: none">- Bridget Clarke, Clondalkin MABS- Peter Gordon, Sligo MABS- Helen Brady, Arklow MABS- Una Sheehy, Kerry MABS- Terry Carton, Wexford MABS- Mary O’Callaghan, Dept of An Taoiseach- Bernie Judge, Department of Education & Science- Deirdre Meenan, Dept of Justice, Equality & Law Reform- Eileen Hughes, Dept of the Environment & Local Government- Mary O’Sullivan, Dept of Social, Community & Family Affairs | |
| | Followed by Open Forum | |
| 16.15 | Tour of Kilkenny MABS office Meeting of Management Committee Forum | |
| 16.30 | Meeting of Money Advice Co-ordinators | |

Day 2 Saturday, 9th March 2002

| | | |
|-------|---|---|
| 09.30 | Debt – A Social Policy Issue – Irish & European Dimensions | Deirdre Carroll, Department of Social, Community & Family Affairs |
| 09.50 | Community Education – A Strategy for MABS | Geraldine Cullen, Comhairle |

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|-------|--|---|
| 10.10 | Striking a Balance – A New Approach to Debt Management in Scotland | Joan Conlin Ramsay Dundee City Council, |
| 11.00 | <u>Workshops</u> Housing/ Fuel Poverty Freedom of Information - Relevance to MABS Attachment of Earnings Debt in Self-Employment Health – Addictions & Debt The Hidden Costs of Education Anomalies in the Social Welfare System Oasis – Online access to services, Information and support MABS / CWO Protocol | Bob Mulvaney, <i>Manager Heat Ltd</i> Roisín Connolly, <i>Office of Information Commission</i> Paul Joyce, <i>FLAC</i> Caitriona Ni Charra, <i>South Galway MABS</i> Dennis Corbett, <i>Cork MABS</i> Anna Walsh, <i>Waterford MABS</i> Ciara Murray, <i>Comhairle</i> Darach Green, <i>Comhairle</i> Seamus Woods, <i>MWHB</i> |
| 13.30 | Access to Financial Services | Colm Butler <i>Department of An Taoiseach</i> |
| 13.50 | Best Practice in MABS Management | Fr. Lorcan O’Brien <i>Bray MABS</i> |
| 14.15 | <u>Workshops</u> Support & Supervision for money advice staff Code of Practice for Money Advisers Money Advice & Budgeting Service Legislation Legal & Technical Support for Money Advice Staff IBF /MABS Settlement Community Education in Practice Effective Management – Protecting Clients’ Confidentiality Changing Face of Financial Services – Relevance to MABS Clients Quality Standards in Money Advice | Anna O’Kelly, <i>Comhairle</i> John Lawless, <i>West Waterford MABS</i> Geraldine Gleeson, <i>DSCFA</i> Gwyn Grace, <i>Comhairle</i> Felix O’Regan, <i>IBF & Paul Joyce, FLAC</i> Tadhg O’Connor, <i>Finglas MABS</i> Dick Dolan, <i>Dunlaoghaire MABS</i> Colm Butler, <i>Department of An Taoiseach</i> Norman Laws, <i>Newcastle</i> |
| 15.45 | Rapporteur’s Report Closing Address | Dave Ellis Liam Edwards, <i>National Co-ordinator</i> |

Rapporteur's Overview of Conference

Dave Ellis
Conference Rapporteur

In the introduction to the last MABS Conference Report (2000) I wrote about finding a vibrant and committed organisation and hopefully this report will give some flavour of the very obvious continued vibrancy and commitment of all those connected with MABS. In that Report I also suggested that the Report should serve as part of the agenda for the next conference, and I listed some of the issues, ideas and suggestions that could be part of that agenda. These included:

- Has imprisonment for debt been removed?
- Has illegal moneylending been effectively tackled?
- Are all State agencies part of the response to indebtedness?
- Has a comprehensive community education programme been put in place?
- Has access to financial services (including affordable credit) been improved for the marginalised in our society?

So, can I suggest that in conjunction with reading this latest Conference Report, you dust down the previous reports and review the issues raised and assess the progress that has been made? Where issues have not been addressed or only partly so, asking why and what needs to be done to change the situation can be a useful, if sobering, exercise.

One further issue raised in the last Report stated that “MABS is not just about “fire brigade” action, it also has a role to play in influencing social policy. The mechanisms for doing this need to be put in place. It was therefore fitting that the theme of this conference was “Debt – A Social Policy Issue? Towards a Response at National Level” and that the conference began to explore the role of MABS in influencing social policy.

Not surprisingly there was a broad acceptance that debt is very much a social policy issue. It was also clearly accepted that MABS has an important role in informing the debate around the policies that are needed to address overindebtedness. Deputy John McGuinness T.D. in opening the conference on behalf of the Minister for Social, Community and Family Affairs, Dermot Ahern T.D. set the tone by highlighting the fact that the problem of overindebtedness involves much more than individual casework, vital as this is. He went on to stress the significant contribution of MABS to the evolution of social policy and gave a number of examples of such contributions by MABS, including the involvement of MABS with the Department of the Environment and Local Government in drawing up guidelines on local authority rent arrears management.

Deirdre Carroll (Department of Social Community and Family Affairs) reinforced this aspect of MABS work by identifying ‘policy change’ as an objective of MABS. She defined ‘policy change’ as the highlighting of the “changes in policy and practice which need to be implemented at local and national level to eliminate poverty and overindebtedness”

However, the Conference in raising many specific social policy issues that require addressing as part of a response to debt at national level, pointed to some continuing gaps between the theory and the reality of the input by MABS into social policy. These issues covered, for example, the failure of the Special Savings Investment Scheme to meet the financial needs of low-income families and the continuing burden that even the most basic education costs bring on such families. Likewise we heard of problems in connection with the waiver scheme for local authority refuse charges. Can it be acceptable that privatisation of refuse collection means that in some areas waiver schemes do not exist? In looking at these specific issues it is clear that a national response to debt needs to involve much more dialogue and consultation both between State agencies and with organisations such as MABS.

Leading on from this point the second element of the conference theme suggested the need to consider how MABS might work towards a response at national level. I think that a number of key themes emerged from the conference in this regard.

Dialogue between MABS and Policy Makers

The panel discussion set a valuable pointer to the importance of dialogue between MABS and policy makers. As is plain from the Report many issues were raised and responded to in an open and frank manner. Clearly also many of these issues need to be teased out further and worked on before policies can be arrived at that address the issues involved. However, what was exciting about this aspect to the conference was that such a dialogue was taking place. It is also clear that this dialogue, through the contacts made and ideas exchanged, can work successfully. We know from MABS experience to date that this approach has already born fruit, for example, in the formulating of the guidelines on local authority rent arrears already mentioned. As was pointed out during the conference, debt is a crosscutting issue; it involves many different aspects and impacts on the work of many different Government Departments. The nurturing and development of the type of dialogue we saw at this conference must be seen as a key element of the national response to debt.

Dialogue between MABS and Other Agencies

MABS is a national service with direct contact on the ground with those who are faced with the problems of overindebtedness. A national response to debt requires that MABS has a structured input into the work of other bodies working with and for those who are most at risk of overindebtedness such as the National Office for Social Inclusion, the Family Support Agency and Combat Poverty Agency.

Community Education

A national response must include a community education element. Geraldine Cullen of Comhairle outlined the importance of the implementation of a strategy aimed at preventing debt through a partnership approach with community groups and relevant agencies, to provide or enhance educational initiatives which will equip people to learn, challenge, act

and critically reflect on the issues, common factors and the personal, social and economic implications of indebtedness. Much careful work has gone into preparing the foundations for undertaking this work; the next conference should be in a position to hear that community education work is being appropriately resourced and is a vital active element in the national response to indebtedness.

Learning from International Experience

A national response should include an awareness of international experience and developments. In this regard the conference heard valuable inputs from Norway and Scotland. Both countries have sought to address the issue of debt settlement and brought forward changes to existing procedures. The broad themes that came out of these experiences involved the need for detailed research into the issues and consultation with the key players involved.

But one of the most important aspects to the conference was that it maintained a focus on the day to day work of MABS. Rightly we were never allowed to forget the reality of what debt means for those caught in it. This aspect to the conference was evidenced by the input of Sean and Angela Murphy, where trying to cope with debt meant a family living apart, consequent effects on the children and difficulties in dealing with creditors without support. John Mark McCafferty (Society of St Vincent de Paul) emphasised how policies around housing, education and health, for example, can have a major bearing on the lives of those for whom income inadequacy is the fundamental issue. The inputs from the MABS representatives into the panel discussion also brought home these points. Those inputs demonstrated the unique and pivotal role MABS has to play in putting overindebtedness and its effects on the lives of so many people at the centre of an anti-poverty strategy. The strength of feeling and commitment of those involved with MABS can perhaps be best summed up by Helen Brady's input into the panel discussion:

“We need to realise our power as individual agents for social change and work with our management committees within our MABS structure, across the Government Departments and at local, regional, national and European level, with other organisations involved in the struggle against poverty and social exclusion, to raise the awareness of the social policy issues of over-indebtedness towards the ultimate, if somewhat idealistic goal of social inclusion for the betterment of our society in the future”.

A further important element in building of a national response is the future of MABS itself. One aspect of this, which will be central, is the placing of the service on a statutory basis. Deputy McGuinness announced the publication of the MABS Bill 2002 and the discussion concerning the detail of this legislation will be crucial in the coming months. The Deputy set the tone for the Bill by stating that it “enhances and supports the autonomous nature, the voluntary management and the sense of community ownership of the independent local MABS projects, while establishing a formal legislative basis for their continued support and development into the future”.

It is fitting that the Bill should recognise the sense of community ownership and that the conference should have concluded with input from Fr. O'Brien (Bray MABS) on best practice for MABS management. Such local management helps ensure the continuity of the local projects and, through the breadth of representation on management committees, lays the foundation for the dialogue between the key players which was identified so strongly as a theme at the conference. That local expert input is invaluable and the need to support and develop it needs to be appreciated at all times.

In conclusion, this Report tries to capture at least some of the wealth of thought, expertise and ideas concerning debt issues that were so evident during the conference deliberations. As you read through the Report, might I suggest that you make a list of the issues that you feel are most important and pin that list up on your wall. Thereafter continue to raise those issues within MABS, at local, regional and national levels, with the media, with policy makers, with politicians and bring about change - that can be reported to the next Conference!

Official Opening of the MABS National Conference 2002

**Deputy John McGuinness, T.D.
On behalf of Dermot Ahern, T.D.,
Minister for Social, Community & Family Affairs.**

Introduction

It gives me great pleasure to be here this morning, to address you at the opening of the third Money Advice and Budgeting Service National Conference. I am deputising for the Minister for Social, Community & Family Affairs, Dermot Ahern T.D., who unfortunately cannot be here today due to the necessity for him to be in the Seanad in connection with the Pensions Bill. On his behalf I would like to extend a very warm welcome to all delegates. I hope that your stay will prove to be both enjoyable and productive. I know that many of you attended previous MABS conferences in 1997 and 2000 and I have no doubt that this conference will be as successful.

Visitors

A special céad míle fáilte to our visitors from the European Money Advice Network, Consumer DebtNet, Joan Conlin Ramsay from Scotland, Egil Rokhaug from Norway and Norman Laws from England who will be sharing their experiences with you. Also to David Livingstone and Geraldine Molloy from the Trading Standards Service in Northern Ireland.

The Context

The Money Advice and Budgeting Service (MABS) is experiencing its busiest period ever in many areas throughout the country. This demand on MABS can be attributed to the increase in the availability of credit and to the success of the service provided by the MABS staff. More and more people are becoming aware of MABS. They recognise the value of the service it offers and they realise it is there to help them. As it is free, independent and confidential, it is very reassuring to indebted persons that they can reveal the most intimate details of their financial affairs to a money adviser in complete confidence.

The Department of Social, Community & Family Affairs is strongly committed to tackling the issue of overindebtedness. Under a previous Minister, Dr. Michael Woods, T.D., the Department became directly involved in tackling moneylending and overindebtedness in 1988. The commitment to MABS has been such that, at present, a network of no less than 52 MABS country-wide is being supported. The Department's commitment is shown by the fact that annual funding for MABS has more than trebled since 1997.

The Conference Theme

The theme of the conference this year is "Debt - a Social Policy Issue? Towards a Response at National Level". The challenge is to work together to develop innovative and

imaginative strategies to reduce the problem of overindebtedness, while at the same time bearing in mind that these problems often impact on the sections of society which are the most vulnerable.

A Partnership Approach

MABS is an excellent example of partnership in action. In the effort to overcome the problems of overindebtedness, the Department is fortunate to have the opportunity to work in partnership with organisations such as the St Vincent De Paul, the Credit Union Movement, Comhairle (formerly the National Social Service Board), Health Boards, the Combat Poverty Agency, Local Authorities, Utilities, the Office of Consumer Affairs, the Garda Síochána and others. All of these organisations work together in local communities, under the MABS umbrella, to reduce levels of indebtedness.

It is also heartening to see that many of the major creditors are represented here today. On the Minister's behalf I would like to avail of this opportunity to thank you for your co-operation with the programme to date.

The Policy Role

You will all be aware that solving the problem of overindebtedness involves much more than individual casework, vital as this is. MABS also contributes significantly to the evolution of social policy and has already, in no small way, influenced policies that will directly impact on the consumer. Examples of this role include:

- The support by the Department of Education and Science of "The Young Persons Guide to Money" and its accompanying teacher's manual (produced by Limerick MABS) and its inclusion as a recommended resource for the Leaving Certificate applied Social Education Programme.
- The fact that certain judges have recognised the MABS programme and in some cases are willing to refer clients to MABS prior to hearing cases.
- The Department of the Environment and Local Government, in conjunction with MABS, has developed guidelines for Local Authorities on rent arrears management.
- The way in which MABS has shaped policy in the development, in association with the Department of Health and Children, of national guidelines (to inform local MABS projects) for the protection and welfare of children.
- The Revised Guidance Notes for Financial Institutions has accepted a submission by MABS that any measures adopted to establish the identity of a person for whom it proposes to provide a service should not deny a person access to financial services solely on the grounds that they do not possess certain specified identification documentation.

Many of these successes have been achieved at local level, while others, identified at local level, have been progressed via the MABS National Advisory Committee. All concerned must now go forward to build on these successes. Later this afternoon, you will be exploring the possibility of extending co-operation and collaboration with Government Departments with a view to developing policy at a cross-departmental level.

Moving Forward

The Money Advice and Budgeting Service is an extremely positive development in the whole area of debt management in Ireland in the last decade. The challenge for the future is to develop a strategy to prevent overindebtedness and inform people before they reach crisis point, as well as continuing to meet the needs of those who find themselves in immediate financial difficulties. The Saturday conference sessions are being devoted to identifying such a strategy.

You will also be aware that the Department engaged consultants to evaluate the MABS service. The specific purpose of the evaluation was to ensure that the Programme was achieving its aims, that it was being operated and supported in the most efficient manner possible and that the objectives of the Programme are being met in the most effective way. The evaluation results indicate that MABS is well regarded by clients, creditors and other organisations with whom it interacts.

However, the draft results also indicate that much more needs to be done. There are still very real problems of overindebtedness out there for people on low incomes who are and will remain your primary target group.

I was struck by one statistic. The Director of Consumer Affairs estimates that some €76 million is lent by licensed moneylending agencies. Of course, the absolute amount of consumer debts to banks, local authorities, credit unions, utility companies and others is much greater again. These statistics make the point that notwithstanding what has been achieved in a few short years by MABS, there is a lot more that needs to be done to get at all the people in need of this service.

A Legislative Framework

The Money Advice and Budgeting Service is well and truly past the pilot stage. It was announced at your last conference that it was intended to give formal recognition in legislation to the service and the excellent work it is doing.

Putting MABS on a legislative basis is about giving formal recognition to MABS as it is working and as it has worked so well over the past years and not about changing the key features and advantages of the service as currently structured. In other words, the value of giving MABS a statutory basis enhances and supports the autonomous nature, the voluntary management and the sense of community 'ownership', of independent local MABS projects, while establishing a formal legislative basis for their continued support and development into the future.

The preparation of the legislation has necessarily involved consultation with the MABS National Advisory Committee, comprising representatives of all MABS stakeholders. It is with great pleasure that I can announce, on behalf of my colleague, Minister Dermot Ahern, T.D., that the Bill is published this morning and will be progressing to the next stage in the legislative process.

Life after Debt

Angela and Sean told their story on Kerry Radio of how they managed to overcome their financial difficulties with the support of MABS. This story has now been produced on a CD by the Money Advice Training Unit in Comhairle with the co-operation of Kerry MABS. I am delighted to salute Angela and Sean who have shown great courage to come in person to tell their story to this conference.

Conclusion

In conclusion, can I say on the Minister's behalf, that this area is one of the most important issues in the Department and that your work to date shows what can be achieved when a real and practical partnership is built between all the different agencies. It is accepted that there is a lot more to be done and that by working together the objectives of the MABS can be achieved.

I would like once again to thank you for your kind invitation to join you here today. I wish you well in your endeavours and I now declare this Conference open.

The Role of Government Ministries

Egil Rokhaug
Ministry of Children and Family Affairs
Oslo - Norway

Introduction

First of all, I wish to express my gratitude for the kind invitation to contribute to this important conference.

My issue today – as the title suggests – will be the role of the Government Ministries in combating debt problems among private households. My presentation will be based upon the experiences we gathered during the early nineties in Norway, when we faced severe debt crises in the country. I will start with a little background information about that situation.

Background

Borrowing by private households increased dramatically in Norway during the latter part of the 1980s. A few years later an increasing number of households were unable to meet their credit obligations. Property prices slumped and people had to sell at prices sometimes far below the sum borrowed.

The authorities had to deal with this problem – and it had to be dealt with without delay. One major problem was that the different problem areas were the responsibility of different ministries. Solving the debt problems among private households therefore would not be possible without co-operation between the different ministries. So this was the first step that had to be taken - to recognise indebtedness as a national problem, and to put in place a National Plan involving various ministries.

Combating indebtedness

The most important measure that had to be adopted was a legal system for compulsory debt reduction or debt settlement. As the consumer protection legislation in general already was the responsibility of the Ministry of Children and Family Affairs, debt settlement legislation was established under this Ministry.

Furthermore, there was a need for debt counselling services in the municipalities. This was the responsibility of the Ministry of Social Affairs. It was also necessary to establish a system with social lending and refinancing, which had to be adopted through the National Housing Bank, which was the responsibility of the Ministry of Local Government and Regional Development.

We also had to involve other ministries, in particular the Ministry of Finance because of the problems connected with payment of taxes, fines, education loans, state housing loans and other debts for which the state was the creditor.

This situation required, as you will understand, close co-operation between four or five different ministries. I will not go into detail concerning this, but our efforts resulted in a well functioning multi-level system for solving debt problems in the country. All together, more than 100,000 persons have been users of the measures that were adopted to combat indebtedness and the social problems that are connected to it.

The Debt Settlement Act

Due to the limited time for this presentation, I will only comment on the most powerful measure we established – the legal system for compulsory reduction or full cancellation of debts, The Debt Settlement Act, or the “Act of Voluntary and Compulsory Debt Settlement for private Individuals”.

The Act, which came into force on January 1st 1993, has proved to be a very effective method of dealing with overindebtedness among private households. Perhaps more important than the Act itself, is the side effect – which was intended – it has had: to be a contribution to debt proceedings and settlements outside the court system. The Act has made it a lot easier to reach voluntary debt settlements and arrangements for debt counsellors, for instance in the municipalities.

The purpose of the Act is described in section 1 which states that it is to give persons with serious debt problems an opportunity to regain control of their financial affairs, and at the same time ensure that the debtor fulfils his obligations as far as possible. It suggests two kinds of solutions, which can be obtained by bringing the case to the Court; a voluntary solution, and a compulsory one.

The most important conditions for a debt settlement is that the debtor must be permanently (but not necessarily on a life-long basis) incapable of meeting his /her obligations and that a settlement must not be offensive (by which we mean unfair or unreasonable) to other debtors or society in general. The debtors concerned must also have - to the best of their ability - sought on their own to reach a debt settlement with their creditors before they can apply for voluntary or compulsory debt settlement according to the Debt Settlement Act.

The first step for the debtor is to make an application to the enforcement officer, who will check the application and ensure that the necessary facts in the case are brought out. The enforcement officer can appoint an assistant, who will be paid by the State. After the necessary checking and fact-finding has been done, the enforcement officer decides whether to refuse the application or to submit it to the court of enforcement. A refusal can be appealed.

The next step is that the court will decide if debt settlement proceedings shall be instituted. If this happens, the debtor shall within three months try to reach a voluntary settlement with his/her creditors. If proceedings are instituted, the debtor's assets and wages will be secured for the creditors - the debtor will only be allowed to keep necessities as described in the Creditors Security Act. Payment of debts will temporarily be stopped - normally for 3 months.

If the debtor is not able to reach a voluntary settlement with his / her creditors, the debtor can petition for a compulsory one. A compulsory settlement is normally very much like a voluntary one. The court of enforcement must confirm a compulsory settlement but not a voluntary one.

Normally, a debt settlement will lead to a payment programme that will last for 5 years. In these five years, the debtor shall pay as much as possible to his /her creditors. When the programme is fulfilled, the debtor normally will be free from his /her debts. A cheap car can be kept if it is necessary. Approximately €1,300 per month can be kept for housing and living costs.

There is certain protection for the dwelling in the Debt Settlement Act, which is very important. The debtor is only obliged to sell his/her dwellings if a sale provides the best settlement for the creditors and, at the same time, the dwelling exceeds the reasonable needs of the debtor and his/her household. This rule has led to the result that close to 90% of the applicants are allowed to keep their dwellings.

By certain regulations in the Debt Settlement Act, an established debt settlement can be changed, cancelled, reversed or set aside as a result of events which have arisen in the debt settlement period.

Since the Act came into force in 1993, more than 20,000 persons have had their application for debt settlement accepted in the court of enforcement, and about 7,000 settlements have so far been established. Unfortunately, at least until recently, most of the settlements are compulsory, but there is now a remarkable increase of voluntary ones.

Mainly, the experiences with the Act - so far - are good. A considerable number of people have found a solution to their debt problems by using the Act and, we have reason to believe, that the Act also has contributed to a large number of solutions outside the court system.

We are, however, concerned about the considerable variation in the judgments between the courts in these cases. So, what we are considering now, is to 'tighten', or clarify some of the regulations in the Act, and leave a little less to the discretion and judgment of the courts. For example, a considerable number of settlements with payment programmes lasting more than 5 years have been established, especially in some parts of the country. We are therefore also discussing if it would be adequate (with stricter conditions) to decide a different period than 5 years.

Conclusion

Debt reduction or settlement legislation is now part of the legal system in all the Nordic countries except Iceland, and also in many other countries in the EU. I understand, however, that this is not the case in Ireland. Based upon the positive experiences we have had in Norway, and I believe also in the other Nordic countries, I would warmly recommend that you adopt such legislation. Those of you who might be interested in studying the Norwegian Act, and our experiences, are warmly welcome to visit our Ministry in Oslo. Thank you for your attention.

Comment [DE1]: This as originally "Island" in the speech written text – I presume Iceland was meant ?

Income Adequacy and Debt The Perspective of the Society of St. Vincent de Paul

**John Mark McCafferty
Society of St. Vincent de Paul**

Introduction

I would like to thank the Money Advice and Budgeting Service for inviting the Society of St. Vincent de Paul to the National Conference. We view this opportunity to address you as a chance to place the poor at the heart of any debate about credit, debt and the policy making process. May I begin with a quote, one particularly apt to my discussion today:

"Although the rich used most credit, it was the poor who had most debt"
Richard Berthoud and Elaine Kempson: "Credit and Debt"

As many of you will be well aware, the Society of St. Vincent de Paul works seven days a week, 365 days a year with people who are vulnerable, excluded and many who are broken. The people with whom we work struggle to cope in their daily lives and many suffer from addictions and mental health problems. Voluntary members of the Society utilise their skills, time and resources to work with individuals and households to tackle poverty and social injustice. Debt, due to inadequate income, is one of the key issues our members deal with in their local communities.

In 1998 one quarter of people in the Republic - almost 400,000 of them children - lived in households with less than €124.43 per week. This is half of the average disposable income at the time. These households are dependent on social welfare and range from lone parents, the ill and their carers, people with disabilities, older and unemployed people as well as low paid employees, the self-employed and farmers.

Recent research was conducted by the Vincentian Partnership for Justice and published in the autumn of last year, entitled '*One long struggle: A study of low-income families*'. Those interviewed from low income communities in Dublin found it impossible to provide a reasonably healthy diet for themselves or their families. Housekeeping and food were identified as the most expensive items on household budgets regardless of income. An inadequate income made it impossible to provide a reasonably healthy diet and I will refer to links with health later. And because low-income households struggled to make ends meet, they reported less opportunity to give time, commitment or money to areas such as their children's education.

Income Adequacy

If nothing else, I would like you to take away one message from my talk with you: that the income adequacy of poorer households has a huge bearing on their quality of life and their meaningful participation in society. Adequacy is about being able to participate in ordinary life. Adequacy is about whether families with children can afford to pay for their children's participation in essential activities such as education, sport and outings. Lone parents

regularly approach the Society for support to enable them to participate in education, work or training. Others, who approach us, cannot afford transport to visit their elderly parents on the other side of their town or city. Research last year by the National Economic and Social Forum, the Vincentian Partnership and the Combat Poverty Agency all point to the reality of income inadequacy in many households, and our members' work would verify this only too well.

Economic Context: Recent Increases in Household Costs

It is important to place income adequacy in the current economic context. Briefly, these include:

- Recent and further predicted electricity tariff increases
- Price rises associated with the euro changeover - this view is strongly held by the Consumers Association
- VAT increases in food and grocery items - increasing the average cost of a basket of groceries to 5% more than it did this time last year according to the consumer price index.

Similarly the price of water, gas, taxis and council rents increased recently, all of which impact on the poorest households. The biggest rises, however, were in health and education fees, hitting low-income families and children just above the medical card thresholds.

Costs to poor households

The constant barrage of living costs is a challenge for even the better paid in our society. As my opening quote infers, the rich have access to cheap credit such as bank overdrafts, while the poor do not. Due to the various billing cycles of the utility companies, local authorities and moneylenders, the collection of bill payments can be at variance with the average weekly income cycle of households claiming social welfare. Despite various payment methods, there is a lack of built-in intervention at the onset of financial default. Indeed, many procedures may contribute to indebtedness, such as fining those who are already indebted, penalising under-consumption and acting on arrears only after the level of debt is almost unrecoverable. In terms of general household costs, our members report that the common staples of communion, confirmation, birthdays and Christmas impact on many low-income households. But there are large structural costs with huge implications for poor families, these include education, health and housing.

Education is not free in this State. Families must pay for a combination of schoolbooks, outings, photocopying, fees, back to school clothing and sports gear. You may recently have heard through the media how the Society have been providing financial assistance for educational and psychological assessments for school children, to enable them gain access to the education to which they have a right. Equally important are the public transport costs for adults taking children to school. For all of the above, the Society of St. Vincent de Paul regularly pay.

The medical card scheme was established to treat more favourably those with less. However, the coverage of the scheme has dropped to just over 30% of the population and there are many people whose income excludes them from receiving the health care they need, but cannot afford. Many households are outside present guidelines and cannot afford to visit the doctor, never mind buy prescriptions. An in-work poor household with an asthmatic child is one example of where potential debts may occur. This is why we support the Chief Medical Officer's recent call for free access to primary health care for all children and we express our profound disappointment to Government for not delivering on this issue. Conversely, links between over-indebtedness and ill-health have been established by Swedish researcher Richard Ahlstrom, who spoke at last year's conference. Comhairle has recommended that similar research be undertaken in Ireland.

Likewise, housing problems are a major contributor to indebtedness and poverty. Community Welfare Officers can be very discretionary in this field, some provide applicants with the deposits they need for the private rented sector, while others do not. As a result our organisation regularly foots the bill. In addition, fuel poverty is a huge problem in housing deemed to be 'in poor fitness' - much of the current private rented sector springs to mind. In such cases, poor energy ratings mean that the poor pay more for their fuel.

Other structural costs include inflexible fines associated with TV licenses; once-yearly waste charges in certain local authorities; and rural transport costs - it is very difficult to participate in society in rural areas without a car.

The Society holds that debt is due to an inability to pay. For low-income households, one event may trigger a debt situation: an illness, funeral of a loved one, relationship breakdown, accident or perhaps a poor financial decision.

Moneylending - a consequence of income inadequacy

According to our members' recent research, borrowing is a frequent strategy of the mothers of young families, of lone parents and of older people. There is a sustained use of moneylending by poorer households. Families assert that the licensed moneylenders are used more commonly than illegal ones. An estimated €76 million is on loan to thousands of families across the country. The majority of lenders charge a collection fee and many set an APR over 180%.

There is general agreement within St. Vincent de Paul that MABS' involvement with our members and local Credit Unions in establishing Household Budget Accounts is assisting many households. However, the impact of MABS on households which were already resorting to moneylenders, was less clear. As one person interviewed put it, *"Given that the amount I have to manage with is less than that required to pay the bills, I don't need anyone to tell me how to budget - I need more money"*. In addition, St. Vincent de Paul members also noted that for those accessing moneylenders, the use of Credit Union facilities was not on their agenda. One of the respondents to the research explained, *"If I can't save, the Credit Union is of no help - you can't get into it in the first place"*.

Financial exclusion

I have extracted the following from the Credit and Debt Policy Group in their submission to the NAPS in January 1996. Poor households are at risk of debt for a number of reasons:

- Basic necessities are unattainable due to inadequate income
- The credit accessed by poorer households is often very expensive
- These households are vulnerable to the debt recovery activities of their creditors
- Withdrawal of financial services from poor communities has the following consequences: it excludes the poor, it stymies economic renewal and it redirects public investment out of those communities.

Many lower income households are making budgetary decisions informed by local MABS services and those who can are availing of credit unions. However, there are a significant number of households who are still financially excluded. The savings requirement of credit unions disallows borrowers to seek an immediate loan, and in any event, 'vetting' by local people may discourage potential borrowers. In certain communities people may rather meet MABS personnel in a less visible and more neutral venue.

These households often find themselves in debt and may be caught in the moneylending loop. Such households require needs-based savings packages, with incentives to save and basic no-frills bank accounts, which are locally accessible. They may also need credit union services with policies more attuned to the needs of households on very limited budgets. In addition, debt and budgeting education among low-income households is an essential service. Cashing cheques for many is difficult, especially members of the Traveller community, who require forms of identification, for instance a utility bill, to which they simply do not have access. Consequently, acquiring reasonable credit through the banks is severely curtailed.

The mainstream financial sector - and by this I mean banks and building societies - are not delivering in this area, perhaps because they don't want to. This being the case, do we need a community reinvestment tax?

The Government Special Savings Investment Scheme

The recently introduced Government Special Savings Incentive Scheme (SSIS) is of relevance to poorer households since a lack of savings can contribute to household debt. However, the scheme does not meet the financial needs of low-income households given the minimum savings requirements, the duration of the scheme and low incentives for smaller savers. An alternative savings scheme targeted at low-income households, which would cost only 2.5% of the existing SSIS project, has been proposed independently. It is important to note that Government has not acted upon this.

Conclusions

Last week at the launch of the NAPS review, the Government committed itself to increasing social welfare. The minimum payment by 2007 should be €150 in 2002 terms. A similar promise to increase child income support to one third of the adult rate, is welcomed by the Society. It is the onus of Government to ensure that people are availing of all the income to which they are entitled. In addition, low-income families, which are in work, should be taken out of the tax net where this has not already occurred. Financial assistance in the form of help towards schoolbooks, clothing and footwear, school meals, exams, fee waivers and grants for third level were all cited by Society members as vital yet inadequate aids. These schemes, if enhanced, consolidated and developed, could form an integrated initiative to combat the costs of education. It could also help families keep their children in school.

There is scope for greater 'joined-up' thinking between MABS, financial institutions, and creditors such as utility companies and local authorities. If early signs of payment default can more quickly be identified and strategies to assist personal budgeting put in place, then we may be closer to tackling poverty related indebtedness. These recommendations alongside all of those which I have discussed in the areas of health, education, social welfare payments and savings schemes are an attempt to identify policy areas with a view to improving them.

Let me finish my talk as I began, with a quote, this time from writer James Baldwin in 1961:

"everyone who has ever struggled with poverty, knows how extremely expensive it is to be poor".

Policy relating to debt should not further exclude those with inadequate incomes.

Thank you for your attention.

Panel Discussion

Chaired by Liam O'Dwyer, Society of St. Vincent de Paul

Participants: Bridget Clarke, Clondalkin MABS
Deirdre Meenan, Department of Justice, Equality & Law Reform
Terry Carton, Wexford MABS
Bernie Judge, Department of Education & Science
Peter Gordon, Sligo MABS
Mary O'Sullivan, Department of Social, Community & Family Affairs
Una Sheehy, Kerry MABS
Eileen Hughes, Department of Environment & Local Government
Helen Brady, Arklow MABS
Mary O'Callaghan, Department of An Taoiseach

In introducing the session Liam O'Dwyer stated:

“Debt, in my view, is the unconscious issue in social policy, it is the leper of the social policy debate, it is never mentioned, we talk about health, we talk about income adequacy, we talk about unemployment, we talk about housing, education but we seldom talk, if ever, about debt. In the recent NAPS you have these cross cutting issues, which are very interesting and important issues, but debt cuts across every single one of the issues that I just mentioned.”

The first part of the session involved a case study “Life After Debt” presentation by Seán and Angela Murphy whose story is featured in the CD produced by the Money Advice and Community Education Training Service in Comhairle with the co-operation of Kerry MABS. They spoke with Úna Sheehy of Kerry MABS. From this conversation the following issues arose:

- Debt forcing the couple to live apart, with Sean working abroad sending money home. This left Angela at home alone with the full responsibility for rearing the family. For Seán there was the sense of loss in missing family events such as confirmations etc.
- The fear for Angela of dealing alone with creditors, who were largely unhelpful and the difference MABS made in providing support in those dealings.
- The struggle to keep up appearances so that others outside the family would not know of their debt problems. The sense of failure connected with being in debt.
- How life events such as a death in the family can put you back so much because you are so vulnerable in the face of the indebtedness, thus increasing the sense of hopelessness.
- The effect on the children in situations where some of those within the education system were unsympathetic and lacked understanding of the family situation.
- The need to seek help at an early stage and made a lot easier now with the existence of MABS.

**Bridget Clarke
Clondalkin MABS**

Justice from a MABS perspective

I will be talking this afternoon about justice from a MABS perspective. I will start by talking about the cycle of debt that the clients of money advisers often find themselves in. As we know, there are many ways in which our clients get into debt and this can be down to illness, economic downturn, marriage breakup, etc. No one can really know when s/he is going to get into debt. People who get into debt then become entangled in the justice system and they experience the injustice of the system.

The issues that arise include the treatment in the justice system, the fairness or the unfairness of it, the equality or inequality of that system, the right to representation or participation and adequate information. For any of our clients who are faced with going to court, they have a right and entitlement to be represented in the court, they have a right and entitlement to participate, however, they may not be able to participate if they are not represented. There may also be a literacy problem that further prevents them from participation. In addition there is the question as to whether are they adequately informed about the justice system before they find themselves entangled in it.

If they are unfortunate enough to end up in court, there is no protection from multiple Court Orders. Different creditors can take them to court on more than one occasion, for a multiplicity of debts. Imprisonment for debt only accentuates the problems of the client, and this is an outdated, outmoded method for dealing with debt. I don't know what the cost of keeping someone in prison is for a week, but I do know when they come out of prison they still owe the debt. The burden is then put on other Government Departments, such as Health, to deal with the results of imprisonment and there is the emotional burden on the family which has somebody in prison for owing money.

I think that these are issues that need to be addressed:

- A quicker response from Government Departments and an increased input by MABS
- The introduction of a Debtor's Court, similar to what we heard this morning from Egil Rokhaug, and also in operation in England and in many European countries
- An entitlement to representation in that court and a right of audience, if necessary and requested, by a MABS person to speak on behalf of the client who is vulnerable enough by owing money, without having to appear in Court
- There are no current facilities for paying a fine by installments, and this needs to be examined, as it just increases the burden of debt
- Innovative research into other methods of debt settlement is required, so that debt settlements are more socially inclusive of an already marginalised and excluded group.

I will conclude by saying, debt is not a crime, it is the symptom of a condition called poverty and therefore should be decriminalized.

Deirdre Meenan
Department of Justice, Equality & Law Reform

A wide range of issues have been raised with regard to my Department in general, which is a rather large Department. I work in the criminal law reform division. Within this division, the main project at the moment is a piece of legislation, which is entitled the Enforcement of Fines Bill. The purpose of the Bill is to end imprisonment for inability to pay fines and also to provide a new way of enforcing fines. In relation to imprisonment for inability to pay fines, it is not in our interest for people who cannot pay fines to be coming into our prison system. On the other hand you may have a person who simply does not want to pay fines and that situation will have to be addressed also. A lot of options have been put forward, including those in a submission made by MABS to the Department, which has been very useful in the preparation of our Bill. The issues we are looking at at the moment would include the payment of fines by installments, another possibility would be an alternative to custody or fines, and the possibility of the court being able to remit a fine in whole or in part where the person is unable to pay. There is also a Report done by High Level Inter-Departmental Group, which is before the Public Accounts Committee at the moment and we are awaiting their consideration of that Report. This may have an impact on the Bill, or if that is more long-term, then we may go ahead with this Bill initially.

While we were considering the Bill, we decided to commission a small piece of research in relation to the fines area. The research is to profile people who come into the prison system for the inability to pay fines and that will hopefully give a good indication of where a person is unable to pay a fine and where a person does not wish to pay a fine. We expect this research back in the next couple of weeks and we will make it available. The Bill is on our legislative programme at the moment and it is hoped that it will be published by the end of this year depending on priorities, which can change from time to time.

Terry Carton
Wexford MABS

The education system and its links to debt & poverty

I would like to talk about the educational system and how it can contribute to debt and poverty. I think that we would all agree that education is a basic human right, but the sad fact is that children from disadvantaged families are far more likely to be early school leavers and less likely to avail of third level education than children from a more affluent background. While we do have a free education system, the cost of school books, uniforms, tracksuits, sports equipment, transport to and from school and school lunches pose serious problems for many families, especially those who are over-indebted. Indeed, children are often kept home from school because the parents do not have the money needed on a particular day. These children can often feel from the very beginning that they are very different and already the foundations for early school leaving are formed. Sean and Angela spoke about how vulnerable their children were due to the family circumstances.

So how do we combat these direct and indirect educational costs? Book rental schemes, if promoted and funded, will reduce education-related debt and should be introduced at primary, secondary and third level. The Back to School Clothing and Footwear Allowance as paid by the Community Welfare Officers is inadequate and is sometimes paid very early in the summer. As a result a family may use that money to pay bills and then when September comes there is not the money for school uniforms. The use of tracksuits with school crests on them, which cannot be bought from chain stores, leads to greater expense and we feel that this practice should be discouraged. An awareness of debt should be built into teacher training programmes. The introduction of a comprehensive school meals system would be beneficial to children's participation and ultimate outcome as poor nutrition leads to poor concentration. John Mark McCafferty spoke about some of these issues this morning in his address. Holy Communion and Confirmation puts extra strain on families struggling to make ends meet. Consideration could be given to the use of gowns for these occasions as happens in other countries like the United States. Underage working due to economic necessity is also a problem and is a factor in early school leaving. Money management skills need to be incorporated into the curriculum at all levels. In addition information on consumer rights, taxation and the legal system, welfare and housing rights and employment practices would be instrumental in preparing young people for life. Programmes such as the Leaving Certificate Applied Social Education Programme are very valuable, but the reality is that those who are most likely to end up in poverty and debt have already left the educational system before reaching Leaving Certificate standard. Literacy levels are a contributing factor to poverty and debt. Poor literacy reduces an individual's ability to cope with creditors and court documentation and increases the sense of shame. Measures are needed to combat early school leaving and should be taken as a matter of urgency. Budgeting and debt management should be incorporated into programmes for all third level students. Many third level students are already in debt by the time they finish college. The levels of the grants are totally inadequate and the fact that the first payment is not made until November places further hardship on the students and their families. Some banks are now actively targeting third level students in the promotion of credit cards, which ultimately leads to further debt.

Further cooperation between MABS and the Department of Education and Science can build on the work, which is already going on in the community education programme and the development of resource materials. I think we should also explore the possibility of the Department of Education and Science funding the community education work, which is done by MABS, and this would further prioritise community education, as unfortunately it usually has to take a poor second place to client work. Education is the way forward both in the formal education system and through community education - prevention is always better than cure.

Bernie Judge
Department of Education & Science

I work with the Further Education Section of the Department. I have previous experience of local development from working with partnership companies and ADM and as a result have some experience of MABS. Previous to that I was a second level teacher, so I would have

some experience of the issues from the teaching point of view, and from that of parents. I will try and cover what the current position of the Department is in relation to the developments that may provide an opportunity for MABS to engage more with the Department at both national and local levels. As many of you will know, the Department is quite compartmentalised, so primary education is managed separately from post primary and likewise further education is administered separately and third level separately again. So I will try to cover each of the issues and suggest some ways in which we could integrate the response back to the Department. At pre-school level, the Department has recently set up an agency, which will present an opportunity for preschool services in the area of development and care education and will have a particular focus on disadvantage. St. Patrick's College in Drumcondra and the DIT in Rathmines would be the two host colleges in terms of the agency and they will report back to the Department.

At primary and second level, typical issues are meals provision and uniforms. My understanding around meals provision is that under the Schools Completion Initiative, the meals provision can be dealt with for the more disadvantaged student in a way that protects the individual and protects the family. I suppose in some ways the local coordinators would not be visible to you and you will have to keep an eye out for them in terms of who should be contacted in particular schools. It is important that you should try to make a link with these coordinators, because I suppose in some ways teachers can be insensitive. However, in many instances the teacher is not actually aware of the disadvantage. As a result, coming from a teacher's perspective, I don't think you can presume that an individual teacher actually understands the family or the community dynamic. Therefore it is worth trying to build a relationship with individual teachers and more particularly the programme coordinator so that they can approach a teacher in a sensitive way about issues that are emerging.

Comment [DE2]: I think this is the correct title

There would be some scope under the Schools Completion Initiative for giving children an even break and also dealing with the issue of the cost of the uniform and the track suit. Again it will be by negotiation, so your relationship with the local coordinator will be vital, because at national level the budget will be committed to local consortia and they will decide how the budget will be spent at local level within national guidelines. There will be some flexibility within local plans on how the budget given to the area can cut across a number of schools, who would then be identifying a number of children and young people who are disadvantaged. So getting your interaction and your relationship with the relevant people is particularly important. There may also be some scope around the tracksuit issue and the issue of Confirmation and Communion and the expense involved, but I am not aware, and somebody can correct me if I am wrong, that that issue has been addressed significantly in a coordinated way at national level. There have been people bringing it up as an issue but I am not aware that it has been dealt with in a coordinated way. As a result, it is worth considering raising it with the respective management bodies both locally and nationally. Ultimately schools are set up as autonomous bodies, the Department gives them money, but they sometimes can act on certain things. So sometimes the Department shoulders the responsibility for what are, in fact, decisions that are rightfully being made elsewhere and it is important therefore to think in that context. Books and materials would be another issue that could in future be dealt with in this way.

The curriculum issue has been raised and I take the point that at primary school level it is not that visible. However, there is a focus on integrated curriculum issues and the issue of literacy is given particular consideration in terms of an integrated approach in the curriculum and also in new initiatives such as family literacy programmes, so that literacy is being dealt with much earlier. That does not deal with the fact that many young people have moved on and have still literacy issues. However, I would take the point that it really does have to be integrated across all the subjects at all the different levels. We cannot presume that a young person taking the standard Leaving Certificate doesn't need to be given consumer education, because they may well in later life hit poverty, it does need to be integrated. There are a number of national coordinators again supporting all the programmes and a question from me to you would be - has there been an interaction between the national coordinators and the national council for curriculum assessment in an integrated way? If not perhaps it is something that could be developed.

A parallel of that at local level is the new attention to working through local networks. Some of you may already be members of local networks, but I think in the future, the local networks are going to be involved in how certain special budgets are to be spent locally and there will be a greater autonomy at local level about how budgets are managed.

In terms of further education, which is my own area, I would feel that it is a very interesting time for further education and there are three main points that I would make. There are the new posts of community education facilitators, which are about to be employed by the VEC. There are new allocations to work in an outreach capacity for community education interests and I think it is probably within that job there is a greatest potential for a community education strategy to be merged with some of the adult education provision which is there already.

The Back to Education Initiative, which has been promised for some time but hasn't been formally circulated in terms of guidelines, will provide some opportunities for additional resources for people you might refer or programmes you might design. We will be advising on an integrated approach and that it wouldn't be of tremendous value in the long term for multiple courses in money budgeting or money advice budgeting to come up. We would welcome those as an addition to integration of those issues into the current position. We are integrating the ideas of money advice into, for example, literacy programmes; into other parts of education programmes; into the detox programmes. Then, as needed at local level, we will consider whether or not some money from the Back to Education Initiative should also be put into the specific programme to deal with your issues. We will welcome, over the next few months, an opportunity to go over that with you. So there will be 10% of the places reserved on the community education initiative and the rest will be administered through schools and VEC centres.

In terms of the Literacy Strategy, additional money has been committed, £2m, and again your concerns about literacy are well addressed by literacy co-ordinators etc, who will manage the strategy at local level.

Finally, in terms of third level, again many of you wouldn't have seen the visible evidence of the national strategy for third level access. The office promised for this time last year has

not been delivered on and I am not sure, and I don't think anyone in the Department other than the Minister himself is actually aware why that happened. This office was to bring a coordinated response to third level access to the more disadvantaged communities and individuals. However, in any case, certain aspects of the strategy are already happening, for example, the grants have increased. Also an approach can be made to colleges for access to the college fund, each college has a fund, from which they can give a student additional resources. Additionally, for any of you who are close to the area partnerships, they are administrating on behalf of the Department an access fund at a local level. As a result individuals who may be having difficulties or may drop out due to money issues or families who would not be able to support a young person through third level, can actually go and speak to the education coordinator. They have reserves through their own budget and also through the money from the Government. These are some of the more recent developments, I don't think all the answers are there but I would urge that MABS at national local level forge their links in a more coordinated way with the particular coordinators.

Peter Gordon
Sligo MABS

Aiding employment in the sector & coordinating services

First of all I regret there is nobody from the Department of Finance here, none of our colleagues are able to do anything without getting approval from Finance. The first item I wanted to deal with would need to be dealt with by the Minister for Finance.

A more structured link between credit unions, MABS and the Department of Social, Community and Family Affairs is required. One of the things we could be looking at to help the Credit Unions, in particular, and those others out there in the voluntary sector working with the issues of poverty and debt is a zero PRSI and tax rate for employers. That would help enormously in the provision of staff. In Sligo, we have one credit union in the town, which would have paid staff, but in the country one credit union works out of a car boot after mass on a Sunday. When I talk to small credit unions about the special account, they talk about the pressure on their voluntary staff. I think it should be made easier financially for credit unions and others working on debt issues to employ staff without a tax and PRSI burden. If the Minister for Finance was to introduce something like a zero PRSI rate, I think that would go down very well in the Credit Union movement and with others and would be a progressive sign of wanting to help the so-called poverty industry.

The other item that I have down to discuss is Supplementary Welfare Allowance. I know in the past there have been good discussions with our colleagues in the Community Welfare Service but the concept is coming of the one stop shop. Often I see people who, in a place like Sligo, where you might have the CWO there one hour per week, just misses an appointment and sometimes has to wait a whole week for a solution. In those cases sometimes we can catch the CWO in their office doing some administrative work, maybe we can discuss the situation, but so often there is that week of waiting. It would be good if DSCFA, which after all funds the Community Welfare Service, were to bring in the one

stop shop. As a result somebody comes in to social welfare, they see somebody and time is devoted to that person, a total look at what their needs are. If they need to be referred to MABS, they can be referred. How many referrals do I get from social welfare? - 1%. Others tell me it is better in their areas, but it is not for want of trying on my part or on the part of social welfare, but they are under pressure with short staffing. This means that money needs to be provided to social welfare to give the service that the people need. Individual attention is what is needed. So if we could get the two into the one office, CWOs are not going to be made redundant, they are needed as well, so transfer them across to Social Welfare (DSCFA).

In the local information service, we have really excellent social welfare information providers, but again there is a shortage of staff due, for example, to staff being moved elsewhere. People need to be able to get that expertise when they go in, to have the information staff tell them the whole range of things they are entitled to right from the start. How often people come to me and say you are the first person to tell me of that entitlement. If people have an entitlement, they should know about it. I have noticed that the Community Welfare Service has been getting better, we have talked in the past about imaginative use of the CWS, but I have to say that all the newer ones coming to Sligo are brilliant, so it is good to see that change.

One of the questions I have is what does the Department have in place for reviewing benefits? The northwest region made a pre-budget submission about increasing fuel allowance. The Minister increased it for the first time in many years, by only €2.09, but it was still a significant increase in that payment. However, we had a reply from a civil servant in the Department, who said that it can be very difficult for people on low income to adjust to the loss of fuel allowance in April, when the fuel season ends. He added that these difficulties would be made worse by increasing the fuel allowance. We need to change that attitude within the Department, although hopefully that is a very isolated attitude. The civil servants can put a for and against to the Minister but the Minister should deal with letters addressed to him/her.

One final point I would like to raise, when someone goes into hospital, who pays the rent, ESB etc.? That is something that needs to be looked into.

Mary O'Sullivan
Department of Social, Community & Family Affairs

I am from the operations side of the Department. In regard to the issue raised of zero-rated PRSI, there are many classes of PRSI, the last one introduced was the Class 'S' PRSI that was brought in for the self-employed. There are also two prevailing provisions, which MABS centres may be able to avail of. Firstly, not all income is either taxable or PRSI assessable, for example part-time employees may be able to avail of such schemes. Secondly, for employers who take on long-term unemployed, there is the employers' exemption scheme.

Concerning bringing Supplementary Welfare Allowance under Social Welfare auspices: Community Welfare Officers, though associated with payments, also have a wider role, for

example dietary requirements, which would not necessarily be a role for Social Welfare. Also they have a more independent approach and discretionary role, trying to integrate that with Social Welfare would be another question. However, if it was a matter of being in the same premises that is a different issue. There are already developments to bring a number of agencies into one building, not just Health Board, but FÁS and the Citizens Information Centres. This is on-going and under constant review.

I appreciate that the Community Welfare Service as you have experienced it in the West is improving. Our Department does fund the Supplementary Welfare Allowance, but Community Welfare Officers are employed by the Health Boards, although we do have a policy role in Supplementary Welfare Allowance.

The mechanisms we have for reviewing benefits / allowances - each decision on such a payment is made by a Deciding Officer. Deciding Officers are statutory based and independent. The Department does issue guidelines to ensure consistency but the decision is an independent one based on the merits of a particular case. Any decision can be reviewed by a deciding officer, who is generally based in a local office. If the claimant is still dissatisfied there is an independent appeals office. A further appeal on a point of law can be made to the High Court. We are also engaging internally through a customer complaints procedure. If a customer has an interaction with one of our staff and is dissatisfied s/he can use this procedure.

For those in hospital, the Supplementary Welfare Allowance Exceptional Needs Payment Scheme is available. That scheme might deal with that problem, but there may be a stigma attached to using the scheme, but we try to make the Community Welfare Service as discrete as possible.

Deirdre Carroll
Department of Social, Community & Family Affairs
(Input from floor)

Dealing with the issue that was raised concerning the overall review of programmes: the Planning Unit of the Department reviews all Social Welfare schemes on a regular basis. For the last couple of years we have had what we call a series of “programme reviews”. These are intended for all Government Departments, not just our own, by which all programmes are reviewed periodically and sent to a central committee in the Dept of Finance who look at schemes in general. It is now quite well established and in fact our own Department has done the largest number of reviews. So all of the schemes you have mentioned here today either are being or have been reviewed. The Back to School Clothing and Footwear Scheme is currently being reviewed as is the school meals scheme. There is also a very substantial review on-going regarding SWA and all of the issues that have been raised here today will form part of that review. It is very far reaching and it raises very large questions, such as the one that you mentioned yourself about the way we organise the services, the way we deal with clients, all of these are being dealt with.

The free fuel scheme was reviewed, and in fairness to whoever replied to that letter, I suspect s/he was making the point that the programme evaluation review of free fuel ended

up concluding, rightly or wrongly, that it was better to deal with income adequacy in the basic social welfare payment, rather than the additional payment that is used, where somebody faces a loss of income. In addition there was a benchmarking review group set up under social partnership, it met last year and it deliberated and reviewed income adequacy and put forward various recommendations to the Government. As a result the Government has now agreed to a basic figure of €150, that is a major breakthrough, and that will feed into your deliberations in MABS as well because it will make the whole process over time easier and people will have a better basic income than they have had.

Úna Sheehy
Kerry MABS

Rent Assessments, Contents Insurance and Refuse Charges

I just want to make a few points. Firstly we feel that when county council employees do the rent assessments that they don't look at the entire family situation. They get a form which only states the income that person has. Sometimes we bring to their attention other factors that are involved in the family situation. We would ask that more often when they are looking at the rent, and arrears in particular, they would think "I wonder why this is" and they would try to find out why the arrears are arising. Sometimes the issue may arise because the family income just can't pay the rent and then they should look at that.

Secondly we find problems concerning home contents insurance and we were wondering could there be some sort of comprehensive deal worked out so that people in local authority houses could actually buy into that scheme and get a reduced rate because of the number involved.

Thirdly there is the contentious issue of refuse charges, particularly in certain areas where private operations are coming into the picture now. Twice or maybe once a year, people have to come up with a lump sum payment, and that lump sum payment usually comes in January, which is a dreadful time for families, particularly those on low incomes. Connected with this is the issue of the waiver form filling, we had people during the year, old age pensioners, people on long term unemployment or long term social welfare who have to go year after year back to the CWO to get the forms filled out. It is such a waste of time and it is also very hard, particularly for the elderly, to go year after year with these forms to get them filled out. Is there no way that it can be logged that people are entitled to the reduction? Finally I believe from some of the money advisers around the country, that the waiver system doesn't operate equally across the whole country - some areas have it and some don't have it.

Eileen Hughes
Department of Environment & Local Government

Concerning the rent assessment, since 1986 rent assessment is a local authority issue, that means that it has been devolved to local authorities to fix differential rents in their own local authority areas. Since 1986 there have been a couple of amendments to take into account back to work schemes and community employment schemes. However, the good news is that in the last couple of days a new circular has issued from my section in the Department of Environment, reiterating the fact that the bottom line is that rents should be determined on the basis of ability to pay. Thus local authorities have to take into account the income of the family and their ability to pay and that is the Department's policy. In addition there are broad principles about taking into account dependent children under 21 in full time education, contributions from other people who are earners in the household and a hardship clause for people who cannot pay. In view of the Department reiterating these principles, I think any money advisers should negotiate with a housing officer on behalf of a client and anyone on a very low income should be on a very low rent.

In regard to home contents insurance, basically insurance is a matter for the Department of Enterprise, Trade and Employment rather than my Department. However, as far as I am aware it has always been the policy that people take out contents insurance in relation to their home and this is a private matter. We have witnessed in the last couple of weeks that funding has been made available to people who had no home contents insurance in Ringsend. However, in the main, it is a matter for private individuals to take out their insurance.

As regards local authority tenants, maybe people paying into a group policy or something, I have not come across this before. However, I will take the issue back to the section dealing with that and maybe they could get in contact with the insurance section in the Department of Enterprise, Trade and Employment to see if anything can be done on that.

Finally, in relation to the refuse charges which is a very controversial issue: basically, the government policy on this is that the polluter pays and this is in line with all EU Directives concerning the environment. What has happened is that whereas before the local authorities used to collect the refuse in their own areas, it is now being given out to private contractors. Such contractors don't have waiver schemes in place and unfortunately when the local authority hands it over to a private operator, the market place applies and whether they are in a position to take payments over the year or not is a matter for the individual provider. I will bring it back to the waste management people who are looking at this whole issue and see if local authorities could put into the contract with the private operator something about this issue. However, because landfill charges are going up so much, the waste refuse charges are going up also. But this is something that the waste management section should look at in relation to the privatisation of waste collection to see how staged payment's can be built in for people on low incomes.

**Helen Brady
Arklow MABS**

Social Inclusion

Comment [DE3]: I don't have Helen'

The topic is social inclusion from a MABS perspective. My remarks are based on personal experience as a money adviser, and I have 12 years experience in the voluntary sector at various levels, up to European level, and involvement in my local credit union. In addition I have been involved in the partnership, so I have a good all round background in this area. In my opinion, social inclusion is the flip side of social exclusion but all of this is part of the overall fight against poverty and over-indebtedness.

The definition of poverty is people are living in poverty if their income and resources, material, cultural and social are so inadequate as to exclude 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. Ireland is probably unique in Europe in having such a strong community development approach and this work at grass roots level is the envy of our European counterparts. We are innovative in our approaches and have the ability to articulate the needs from a community level to policy level effectively. MABS originated from the needs identified at community level in Cork, to tackle initially the problems with money lending and MABS have evolved over the past decade to a position where there are now over 50 MABS. We are lucky to be funded and not have to compete as many community groups do for funding. But in my opinion we should not be caught up in the numbers crunching game. It should be quality rather than quantity of service. Poverty is relative and the growing client group of middle income people availing of our services, the two income, highly educated people, families, self employed, home owners, whose financial circumstances have changed dramatically in an almost totally unforeseen way and almost in all cases beyond their control. The over commitment financially can lead to severe personal loss of assets. Initially the clients have totally unrealistic expectations of MABS and view the money adviser as their saviour who can work miracles on their behalf. It is a struggle to make them realise that we do not provide the finances that will enable them to cope again and there will be a long hard struggle to convince creditors, Credit Unions, CWOs or even at times the St. Vincent de Paul, Protestant Aid or other agencies that their claims merit any sort of help or action. Often creditors can be extremely frustrated by the time we try to negotiate with them, at the lack of communication from clients and therefore the concessions granted or denied, are usually based on the personal relationships rather than the overall policy within an organisation to deal with the multifaceted problems of over indebtedness. The Society of St. Vincent De Paul and other charities are being utilised to support items which should be funded from various Departments such as Traveller or refugee accommodation, schoolbooks and uniforms, medical expenses, deposits, food and fuel and of course Christmas, Confirmation and Communion etc.

As any of us know working on the ground on behalf of the majority of our clients on low incomes, who are dependent on welfare, debts are merely the symptom of severe social problems associated with literacy, lack of education, budgeting, over-commitment,

addiction, unemployment, relationships breaking down, business failure, psychiatric problems, suicidal tendencies, and indeed victims of irresponsible lending within financial institutions. How can I convey the frustrations of striving on behalf of many of our clients toward basic equality, food, clothing and shelter and seeing families being unable to eat for two or more days because of inadequate income. Frustrations which are also due to the lack of any real access to credit and also the knowledge that moneylending may still be viewed by most people as the only form of credit open to them. Although education is free, there is a constant pressure on parents to send in unplanned, unbudgeted money with children for various reasons, causing the family to suffer or else that child is kept at home and the cycle of education and disadvantage continues. The total impact for the child who, though showing tremendous ability, is discouraged by parents who know that the sacrifice needed to put that child through second and third level education will be too great for the family to bear. Also the need to consider the value of taking up employment which will result in the loss of many supplements, medical cards, thus forcing people into a life of dependency on the State. Although schemes like CE and Back to Work are good, often they have a severe affect on individuals and families when the only option available at the end of the set time, especially in rural Ireland, is back to the dole queue. Apart from the loss of assets, there is the embarrassment that most clients experience in over-indebtedness in having their human dignity eroded by the publicity of naming and shaming in the local press or in our legal system and the fines imposed, which cause even more hardship. Coupled with the threat of Sheriff seizure of even the few meager possessions they have, and the overriding fear of being sent to prison for a debt, which is still there afterwards. How many policy makers realise the number of aging parents who own their own homes and have been re-mortgaging those homes to keep their sons or daughters out of prison for drug related offences? Fuel poverty is an item to be placed on this conference agenda. It is a major problem for all age groups. There are people confined to homes and too sparingly using fuel and in the real winter forgoing rents and often their food in an effort to keep warm.

We have first hand knowledge of the often deplorable hovel type private rented accommodation that our tax payers' money is used to provide a supplement for. In the absence of a proper social housing programme I am sure, if properly quantified, the provision of proper social and affordable housing would certainly be cost effective, instead of forcing people to live in squalor without proper standards. How many of our clients have to depend on charities for their actual accommodation from landlords who refuse to accept rent supplements and society turns a blind eye to the blatant tax evasion and exploitation of the most vulnerable in our society. The lack of household income is showing that household contents insurance in both private and public housing is expensive and is an extremely worrying issue for money advisers. Apart from the essential repairs that local authorities refuse to carry out when a tenant has rent arrears, the hazard of potentially fatal unsafe wiring in local authority houses, which I personally have highlighted, has caused the loss of possessions and almost the loss of life. How many of our people at decision-making level realise the sleepless nights we as money advisers have, wondering if we have done enough to convince the client contemplating suicide that a debt is not worth a death and the feeling of helplessness that some of our client's take that option. The problems are many

and varied, it goes on to the children of the affected children, so basically problems can, in my opinion, be defined under four categories – economic, cultural, physical and social.

We, as money advisers, are in a unique and privileged position, as one of the organisations not imposed but invited into peoples homes, we are probably unique in our knowledge of the true position of the actual extent of poverty and over-indebtedness in families, yet that is not being utilised effectively in policy formation. In my experience the stroke of a pen at policy level can make a situation significantly better or significantly worse, depending on the lobby groups informing the debate. In my opinion, because of many people's lived experiences, they are damaged or even broken, and even to get somebody to zero could take huge intervention and resources. We cannot maintain the status quo just to ensure our own or our organisations' preservation. If change is to be effective we need to be positively challenging - why things are the way they are and to realise that MABS has a unique and pivotal role in ensuring that along with equality, over-indebtedness needs to be central to the poverty proofing process of future social policies. We need to realise our power as individual agents for social change and work with our management committees within our MABS structure, across the Government Departments and at local, regional, national and European level, with other organisations involved in the struggle against poverty and social exclusion, to raise the awareness of the social policy issues of over-indebtedness towards the ultimate, if somewhat idealistic goal of social inclusion for the betterment of our society in the future.

Mary O'Callaghan
Department of An Taoiseach

First of all thank you for giving me a very clear picture of what money advisers face in their daily work. I work in the Social Policy Unit of the Department of An Taoiseach and work very closely with the Department of Social, Community and Family Affairs and across all Departments on the development of the review of the anti-poverty strategy.

I would just like to focus on some of the institutional arrangements under the new anti poverty strategy and highlight where the opportunities are for people to have an input. Under the National Anti-Poverty Strategy since 1996/97 there has been a Cabinet Committee on Social Inclusion. That Committee is supported by a group of senior officials from across the various Departments. Arising from the review, we have a Social Inclusion Consultative Group, which will be a group of experts drawn from the wider area including from social partners. In addition the NESF will have the Social Inclusion Forum and this is a recognition by the Government that all of those working in the area of social inclusion have a valid input into policy making and their ideas will feed back into decision making process.

What is currently the NAPS Unit in the Department of Social, Community and Family Affairs will develop into a National Office for Social Inclusion. Therefore social inclusion is very much high up on the Government agenda and it is important that people are aware of that and should be aware of the opportunities they have to feed into the process.

Debt – A Social Policy Issue – Irish and European Dimensions

Deirdre Carroll
Department of Social, Community and Family Affairs

Policy change as a MABS objective

I am going to speak to you about debt and social policy issues. MABS was set up in 1992 by the then Minister for Social Welfare as a response to problems of poverty, over-indebtedness and social exclusion. One of the objectives of MABS is “policy change”, that is to highlight changes in policy and practice which need to be implemented at local and national level in order to eliminate poverty and over-indebtedness.

I ask the question - how has this objective been met to date?

Money advisers have direct first hand knowledge of the impact of policies and practice of Government Departments, Local Authorities, public utility companies and financial institutions, leading to, for example:

- A substantial contribution to the Consumer Credit Act, giving rise therefore to an on-going relationship with the Department of Enterprise, Trade and Employment and the Office of the Director of Consumer Affairs
- On-going dialogue with financial institutions and statutory creditors at a national level. As a result progress has been made with An Post, ESB and Bord Gais on amending their debt collection practices
- Following a MABS initiative, “Guidelines for Local Authorities on Rent Assessment, Collection, Accounting and Arrears Control” have been published by the IPA Housing Unit in conjunction with the Department of Environment and Local Government, and the City and County Manager’s Association. The Housing Unit has initiated discussions with Comhairle to have a MABS input into training of Housing practitioners on the guidelines
- The Community Welfare Service and MABS have drafted a Protocol entitled “Working together to tackle Social Exclusion”.

Over-indebtedness – a “cross-cutting issue”

Over-indebtedness is a classic “cross-cutting” issue. We can note some of the major factors leading to this as:

- Separation / Divorce
- Unemployment
- Initial housing formation
- Low income

- Credit-taking
- Addiction
- Low education
- Poor financial management
- Poor health
- Consumer society

We can also note that 70% of over-indebtedness is caused by life events.

State / community / family services exist in relation to most of the above. Therefore the challenge is to raise the profile of this issue and tackle it in a more coherent way by drawing on the lessons arising from all of the relevant policy areas and seek to achieve greater effectiveness in outcomes.

So what policy areas do we have in mind?

- Family policies
- Income maintenance / minimum income
- Strategies on alcohol and drugs
- Credit/Consumer protection
- Educational disadvantage
- Health Strategy
- MABS itself

It is clear that there is a substantial range of policies and programmes across the above areas. However, I can see two for which we probably don't have coherent policies. Firstly starting a household, that is helping people when they are starting a household and secondly the "consumer society". By the latter I mean the overwhelming onslaught of consumerism, particularly for young people.

The challenge is to look at these two areas for appropriate responses and then to look at the coherence between the various policy areas in terms of overall effectiveness. This would be done from the point of view of social inclusion and family cohesion.

Meeting the challenge

The next question is how do we meet the last challenge? In the first place we need to ensure that over-indebtedness / MABS issues are taken on board in a thematic way in the proposed National Office for Social Inclusion. Similarly that the new Family Support Agency also takes on board these issues. The Family Support Agency will have functions in relation to family mediation, counselling and research.

We need to consider whether MABS is reaching all the relevant groups. For example, a recent Combat Poverty Agency Report (Low Income Farm Households) suggests that many low-income and small scale farm households are falling outside the circuits of public

information. We can note also the commitment to income adequacy in the National Anti-Poverty Strategy. This contains a target of achieving a rate of €150 per week in 2002 terms by 2007 for the lowest rate of social welfare payment. The objective of the NAPS is to reduce the numbers in consistent poverty below 2% and, ideally eliminate such consistent poverty. I would also refer at this point to the pilot Family Support Projects in certain local offices of the Department of Social, Community and Family Affairs. The objective of these is better information and referrals for particular client groups.

EU Dimension

The EU objectives in the fight against poverty and social exclusion includes: “To put in place policies which seek to prevent life crises which can lead to situations of social exclusion such as indebtedness, exclusion from school and becoming homeless.”

In their National Action Plans 2001-2003 many member states, including Ireland, have outlined measures they are taking or intend to take to combat indebtedness.

The Belgian Presidency has stated that “Measures to combat indebtedness are a priority” and organised a seminar on “Consumer Credit and Community Harmonisation” in November 2001. In addition the Belgian Presidency presented a resolution on consumer credit and indebtedness to the Internal Market / Consumer Affairs / Tourism Council again in November 2001. This resolution was adopted by the Council.

A Report on the statistical aspects of the question of over-indebtedness, launched by the Commission, will be published soon. The Commission intends to present a proposal early next year to amend the existing 1987 Consumer Credit Directive. The revision of the Directive will aim to set new standards at a high level and to prevent segmentation of the market by diverging national legislation. The proposal will also contribute to the aim of preventing consumer over-indebtedness.

The European Economic and Social Committee (ECOSOC) (section for the Single Market, Production, and Consumption) has produced an Information Report on “Household Over-indebtedness”. This Report recommended that a “network of Member States, linked to the Commission, should be immediately generated by existing national observations and the European Observatory on Family Policies, with a view to the future establishment of a Community Over-indebtedness Observatory”. The Report also urged the Commission to immediately prepare a Green Paper on household over-indebtedness.

As a follow-on to earlier Poverty Programmes, an EU Social Exclusion Programme has been agreed and proposals for funding will be sought in the near future. The components of the Programme will be:

- Analysis
- Policy co-operation and exchanges of best practice
- Support for networking at the European level

Other policy Contexts

Further important identifiable policy contexts include:

- Follow-up to the MABS evaluation
- Programme Evaluation Reviews
- The MABS Bill 2002 which provides for a statutory basis for MABS. The Bill includes provision for 1) the co-operation of Statutory agencies and Voluntary / Community groups in providing the service, 2) the respective responsibilities of the Minister and local projects, and 3) the establishment of the National MABS Advisory Committee.

To sum up therefore, the objective is to ensure that indebtedness / MABS issues form an important component of all the above policy agendas.

Community Education in the MABS Context – Towards a National Strategy for MABS

**Geraldine Cullen
Comhairle**

Introduction

I very much welcome this opportunity to raise awareness of the Strategic Plan for Community Education in the MABS context. In relation to the theme of the conference, I think we can certainly say, “yes - debt is a social policy issue”. In relation to the second part of the theme, i.e. towards a response at national level, I would suggest very strongly that community education must be part of that response at national level. So that is the context in which I am presenting a report that was completed in December 2000 and presented to the National Advisory Committee in February 2001 and is awaiting implementation. We would recognise that there is a need to review this report in the light of developments over the last year and indeed in relation to some of the comments made yesterday by some of the speakers. However, there is a report in existence along with a strategic plan, that we can certainly work towards implementing.

By way of introduction, it should be noted that while the Department of Social, Community and Family Affairs has responsibilities for the development and support of money advise services, Comhairle (and the former NSSB) has a role since 1996 in relation to training and community education. In regard to community education, this role is to assist with the development and delivery of training programmes and materials. Training events and materials have been prepared and delivered, but there is a lot more to be done. Bearing in mind that in 1992 there were five MABS services and there are now 53 services, an emphasis has been put on establishing the services and delivering that service at a local level. However, the time has now come to look at the objective of MABS to facilitate the target groups to develop a knowledge and skill to avoid getting into debt and deal effectively with debt situations as they arise. That is one of the responsibilities of the MABS service currently.

I take great reassurance from the statement by Deputy McGuinness T.D. that the time has now come to actually look at the strategy for prevention through community education. I think that is very positive and we look forward to further developing such a strategy over the next few months.

Background

The background to the “Community Education in the MABS Context – Towards a National Strategy” Report, involved, on the part of Comhairle, chairing a group that came together in 1999 consisting of money advisers, a member of a management committee and members of Comhairle and others who were brought in on a consultancy basis to help inform the Report. We worked for nearly two years to prepare the Report, which was finalised in 2000, and when we last met nearly two years ago we involved you in the consultative

process, particularly looking at the mission statement in relation to community education in the context of MABS.

I would like to pay tribute to the money advisers, some of whom are with us today and the management committee members, who worked so hard in the preparation of this Report.

Terms of Reference

I will now consider the terms of reference of the Community Education Sub Committee. The terms of reference were: 1) to examine the extent and range of activities currently being carried out by services, 2) to define what community education is within the MABS context, 3) to consider a national strategy for implementation at local level, and 4) to explore a range of methods and approaches.

Current Activities

Under the heading of current activities, remembering that this was in 1999, we carried out a survey within the MABS services to see what was going on on the ground. We discovered that there was quite a lot happening, but that there was no strategic or co-ordinated approach to community education at local level. There were examples of good initiatives, but these were not being resourced in any real or strategic way. There were lots of reasons for this situation. We established that 67% of the projects that responded to the questionnaire, were only spending between 1 and 5% of their time on community education. Yet, 100% of projects said community education was important. There were a number of approaches being employed at that time, for example, people were working with local voluntary organisations, health boards, local authorities etc in creating awareness amongst local people of the importance of education in relation to debt and the existence of MABS. In addition people were involved in informing target groups by way of presentations and information sessions. Thirdly some people were doing education sessions with a number of target groups, but this was happening less than the other approaches.

We looked at money management and debt awareness in the Irish education system as well and the different strata in the system and would have come to the conclusion that while there are initiatives in relation to consumer education in particular, that there is more that could be done. We looked at European examples of good practice particularly in the Nordic countries. We looked at Sweden in detail where there have been a number of developments. We also looked at the United Kingdom. We concluded that in Ireland we have a good structure in place through MABS at local level, which gives a potential for developments at local level. However, we found that there is much more to be done in terms of resourcing and support.

Defining “community education”

Instead of a definition of what “community education” means within the MABS context, we came up with a mission statement.

The Mission statement is in three parts with a great emphasis again on partnership.

- Through a partnership approach with community groups and relevant agencies, we can provide or enhance educational initiatives, which will equip people to learn, challenge, act and critically reflect on the issues, common factors and the personal, social and economic implications of indebtedness
- By increasing awareness and understanding and providing the knowledge and skills necessary to make informed choices on issues of indebtedness and consumer rights, we endeavour to facilitate the community to overcome and prevent future over-indebtedness
- Through the formation of strategic alliances at national level we can ensure that our involvement in education relating to poverty and indebtedness is comprehensively represented and effectively influences social policy.

A National Strategy

In considering a national strategy with implementation at local level, structures and resources are necessary. We considered the guiding principles in relation to the development of MABS that would guide any structure which was put in place in relation to community education. We proposed a strategy (Community Education in the MABS Context – Towards a National Strategy) at national, regional and local level and in that way we differ from the Evaluation Report (External Evaluation of Money Advice & Budgeting Service). We are for the most part in agreement with that Report, but we would see an importance in placing an emphasis on resources at regional level as well as national and local levels. Thus at national level, the designated Support Unit for MABS that was recommended in the Evaluation Report takes account of community education. We feel that it is important that this unit be established as soon as possible. We feel that the Department should consider that proposal seriously and in the review of the Evaluation Report we would support the establishment of this unit. We would suggest that concerning the functions in relation to community education, that the unit would take responsibility for establishing and implementing policy on community education. In addition clear aims and objectives should be established for the unit, which should take responsibility for the development of a national strategy. The activities of the unit in relation to community education we would suggest would include: a) the preparation of guidelines for the delivery of community education at national, regional and local level, b) the development and maintenance of standards of community education delivery and content, c) the implementation of research and evaluation mechanisms and d) responsibility for ensuring the range of supports that would be necessary.

Forum on Community Education

Again in addition to the content of the Evaluation Report, we suggest that a Forum on Community Education in the MABS context would be established (*and certainly listening to the speakers from the various Departments yesterday and our own MABS staff that would seem to make great sense at National level*).

The functions of this forum would include informing and advising the national body with responsibility for MABS in relation to the development of consumer education and community education in general. The forum would act as a mechanism for involvement in national policy on curriculum development in education relating to personal money management and indebtedness. It would also present an opportunity to build links with the relevant Departments and be involved in similar or complementary educational activities. We would suggest it would have a broad membership and we would see MABS (staff/management committees) being very much represented. In addition there would be representatives of the Department of Social, Community and Family Affairs, and other Departments, such as Education and Science, Health and Children, also Comhairle, the Office of the Director of Consumer Affairs, the National Adult Literacy Agency and other relevant organisations. Thus it would be a very informative grouping that would ensure that as we develop community education in a MABS context, we do it in an overall national context, with others who are involved in community education.

Community Education at Regional Level

At the regional level we considered that, whoever has responsibility, the following functions need to be carried out; a) co-ordination of services within regions in relation to community education, b) to ensure additional resources for community education, c) to ensure networking with relevant agencies at regional level and d) to represent organisations at regional level on the forum and within national organisations.

Activities that would be involved at regional level would be planning, support, networking and social policy.

Community Education at Local Level

At local level we suggested that there would be functions for the organisation at this level involving MABS in defining a local strategy, with the support of regional staff, in order to establish priorities, adapt material, ensure networking and the delivery of high quality services.

Resources

The resources that will be required for these developments will include at national level the dedicated support unit within the Department with staff dedicated to MABS. At regional level, staff will be required who might be community education co-ordinators or regional community education workers. At local level, we suggested that management committees be supported in taking community education seriously along with their staff and that they would have a role in identifying the resources required.

Training in the delivery of community education would also be important, particularly acknowledging that not everyone working in MABS has experience, knowledge and skills in this area.

Conclusions

In conclusion community education is seriously underdeveloped. We would agree with the conclusion of the Evaluation Report that while the large majority in MABS see community education as being important, it is one of the objectives of MABS that is underdeveloped in terms of understanding, strategic planning, targeting and resourcing. There are constraints on money advisers, for as much as they see the value and importance of community education, there are constraints on their time in relation to the delivery of this important aspect of the service. We support the views of the evaluator but add two further proposals, the Forum on Community Education and the requirement for support at regional level. In addition there is a need for greater working in partnership between all the relevant bodies.

The recommendations of the Community Education Report are as follows:

- That the proposed structure to support the development of community education in MABS be considered seriously by the National Advisory Committee
- That a commitment be sought for a designated support unit for MABS
- That a Forum for Community Education in Money Advice be established
- That the development of community education should be in partnership with other relevant education providers
- That a policy on community education be developed including a plan for implementation at national, regional and local level
- That standards in the delivery of community education be established, recognised and supported
- That professional materials and resources be developed
- While structures and resources are being put in place, community education work should be promoted, supported and resourced throughout the country
- That management committees should be supported and resourced to develop community education
- That ongoing research
- and evaluation be built in to all developments
- That significant resources should be designated to community education.

Community education is an idea that can't wait – its time is certainly now. What therefore is the current position?

1. Approval and commitment by the National Advisory Committee to this strategy (February 2001)
2. Presentation to raise awareness of strategic plan for Community Education at National Conference (March 2002)
3. ? March 2003, Progress Report on Implementation of Community Education Strategy.

Striking the Balance – a new approach to debt management

Joan Conlin Ramsay
Manager, Dundee City Council Social Work Department, Scotland

Comment [DE4]: Is the right Council?

Introduction

I would like to start by thanking you for the invitation to be here today.

For many years money advice workers in Scotland and their clients have been complaining about the inefficiency and the inequality of the current system relating to debt management procedures. Thanks to the Scottish Executive this is starting to change.

Early in the Scottish Parliament a member's bill to abolish Poining and Warrant Sale was introduced. It proceeded and was approved, with a number of amendments, in December 2000. It received Royal Assent on the 17th January 2001 and as a result poining and warrant sale¹ will end no later than 31st December 2002. However, one of the main concerns was that the abolition of poining and warrant sale would leave a huge gap in the diligence procedures. In answer to this, the Minister for Justice, Jim Wallace announced that he was establishing a working group to find a humane but workable alternative to poining and warrant sale. This initiative took place against the background of a package of measures already being taken forward, including to review and reform the law of Diligence in Scotland in order to deliver a modern system of debt management and enforcement for the 21st century.

Methodology

The working group divided the work into three distinct phases:

- To look carefully at the problems with the current system, taking time to study results in depth in order to base their conclusions on detailed, accurate and up to date information
- Look at options for change
- Agree changes to be recommended to the Minister for Justice.

The working group took a wide approach to their task and recognised that it could not fulfil its role in isolation of the existing diligence system and the legal, social and economic context in which it sits. It has tried to take a 'joined up' approach to its thinking, taking into account research conducted by Money Advice Scotland and its recommendations, the ongoing diligence review and debt initiatives such as the National Debtline for Scotland.

¹ Poining and warrant sale is equivalent to Irish seizure and sale by sheriff

Current Problems

1. The group were concerned about the intrusive, humiliating and distressing effects of poinding and warrant sale, as well as the fact that some creditors used it to frighten debtor's into paying and the view that it was a punitive measure that was actually not a very effective way for recovering debt. However, creditors saw it as an effective method of obtaining payment from debtors who may have previously not responded to requests for payment.
2. Many debtors were unaware of their legal rights and the protection available to them, many did not have access to information about their rights or were given inadequate advice.
3. There was also a lack of signposting advice and information available to debtors including representation. The group found that debtors were often unaware of the range of legal rights available to them under the Debtor's (Scotland) Act 1987. The group wanted to see a more proactive approach from the advice sector and welcomed a telephone advice pilot project. They were also concerned about the archaic language of the legislation and want any new approach in plain English in a readily understood format.
4. There was great concern about the issue of multiple debt and how the threat of action from numerous creditors must place an intolerable burden on debtors. Concern was also expressed about debt collection procedures, often without the legal enforcement procedures and the support for guidance to be issued to debt collection companies. The group believed that there was an unmet need for widely available quality money advice services and access to a debt arrangement scheme at an early stage. The group noted that a national statutory debt arrangement scheme, which would act as a block to all forms of enforcement, was crucial in any comprehensive approach to the problem of domestic debt.
5. The stressful and humiliating event of entry into a debtor's home was one of the most resented features of the current system and often proves to be pointless in the realisation of payment.
6. The role of officers of the court must be carried out in a professional and accountable manner and there had been criticisms previously.
7. Creditors need to be able to engage debtors in a process that would result in payment and under the current system they often find this difficult without recourse to law.
8. Many creditors would like access to financial information relating to the debtor, this is not always easy to access, but would allow them to make an informed decision about which, if any, enforcement action to take. The group felt that the Scottish Executive and UK Government should address the issue of availability of information.

Options for change

The working group considered whether a replacement system was really necessary and agreed that a change was needed. They considered the following options for change to be crucial:

- Develop a comprehensive legal framework for dealing with debt

- An essential principle in this must be that payment of legally confirmed debts cannot be optional
- The legal framework should avoid leaving loopholes, which would encourage people to avoid paying their debts
- The legal framework must treat debtors humanely - give every opportunity to resolve the situation without enforcement
- It must also draw a clear distinction between 'can't pay & won't pay debtors'.

Recommendations

The recommendations from the working group are forward-looking and fair, they place emphasis on dialogue and negotiation rather than legal action and their implementation will provide protection for some of the most vulnerable people within our society while ensuring that the interests of the creditor are also protected.

The recommendations are:

- Nationwide provision of user-friendly information and advice for debtors
- Setting up a debt arrangement scheme to help people pay debts in a managed way without the threat of enforcement action
- Creating new incentives for debtors and creditors to reach negotiated settlements
- Reforming the enforcement process to afford much greater protection to debtors in the event of legal action being necessary
- Introducing new safeguards to ensure the enforcement action can only be taken against those who can, but refuse to, pay their debts
- Assisting the debtor by providing opportunity for voluntary disclosure
- A final sanction against those who can pay but unreasonably refuse to sell valuable non-essential goods to meet their responsibilities (compulsory sale order)
- Reforming the role and regulation of officers of the court when carrying out enforcement action
- A wide range of further specific actions aimed at improving the regulation of credit and debt collection, the way local authority taxes are collected and the way representation within the court system operates
- A fast-track process for compulsory sale in commercial cases (commercial attachment order).

The implementation of some of these recommendations has actually started, only last week the Scottish Executive announced that £3million per year would be given to local authorities to ensure that debtors in Scotland have access to quality money advice, information and representation provided by trained money advice workers. Money advice workers across Scotland are awaiting the report and consultation document on the law of diligence and the subsequent introduction of new legislation and a new system of debt management that must surely follow the abolition of poinding and warrant sale. I am certain that we will have a statutory debt arrangement scheme within the near future and I

am proud to say that Scotland is moving forward and working to resolve the serious social problem of debt in our modern society.

The Executive has stated that their fundamental concern is to strike a fair balance between protecting debtors, safeguarding the legitimate interests of creditors and upholding the law. These recommendations reflect that concern and represent an amazing leap forward for Scotland and will, I believe, place us in the forefront of modern society in relation to how society and the law treats vulnerable people coping with the trauma of over indebtedness.

The detail in this presentation is drawn from the 'Striking the Balance – a new approach to debt management' Report and consultation document published by the Scottish Executive.

WORKSHOPS

| Workshop | Presenter |
|---|---------------------|
| Housing/ Fuel Poverty | Bob Mulvaney |
| Freedom of Information – Relevance to MABS | Roisin Connolly |
| Attachment of Earnings | Paul Joyce |
| Debt in Self-Employment | Caitriona Ní Charra |
| Health – Addictions & Debt | Dennis Corbett |
| The Hidden Costs of Education | Anna Walsh |
| Anomalies in the Social Welfare System | Ciarra Murray |
| Oasis – Online Access to Services, Information & Support | Darach Green |
| MABS / CWO Protocol | Seamus Woods |
| Support & Supervision for Money Advice Staff | Anna O’Kelly |
| Code of Practice for Money Advisers | John Lawless |
| Money Advice & Budgeting Service Legislation | Geraldine Gleeson |
| Legal & Technical Support for Money Advice Staff | Gwyn Grace |
| IBF /MABS Settlement | Felix O’Regan |
| Community Education in Practice | Tadhg O’Connor |
| Effective Management – Protecting Clients’ Confidentiality | Dick Dolan |
| Changing Face of Financial Svcs – Relevance to MABS Clients | Colm Butler |
| Quality Standards in Money Advice | Norman Laws |

The Workshops were designed to provide participants with an opportunity to explore more fully the range of topics relating to the Conference theme – “Debt – a Social Policy Issue? Towards a response at National Level”. Each workshop was asked to keep brief notes of the workshop discussion and to agree three main points within the group. The notes from the workshops form the basis for the reports that follow.

HOUSING / FUEL POVERTY

Bob Mulvaney

The existence of fuel as a separate cost, has wide effects on

- health
- quality of life
- ability to participate in education because of space deprivation associated with heating only one room and
- risks to families, particularly the elderly, families with small children and disabled reducing their heat usage to address the cost impact.

These factors were all acknowledged as an important baseline from which to address the difficulties and poverty issues associated with fuel costs. These costs average €1,015 p.a. for an average house and €1,525 p.a. for houses with poor insulation standards.

Recommendations:

[1] Education at all levels by

- ✓ Fuel providers and installation companies
- ✓ Departments of Environment, Education and Health
- ✓ Linked agencies such as MABS

[2] Funding

- ✓ Awareness campaigns
- ✓ Facilitate links with relevant agencies

[3] National Agency

- ✓ Emphasis on structural causes rather than on people
- ✓ Develop National Strategy to address problems
- ✓ Freephone energy awareness number.

Conclusions:

The need to ensure that MABS is represented at the National Social Inclusion Office, to provide input on this issue.

Specific attention on this issue is needed for families on low income, who are at home all day, for example, elderly, families with small children, unemployed and people with disabilities.

The need to target funding at the vulnerable sectors to address structural problems associated with fuel poverty. In addition the need for measures which acknowledge the cost of fuel and the problems in providing adequate heating for the cold months of the year, is important and not sufficiently addressed or responded to by way of a benchmark baseline income for vulnerable families.

FREEDOM OF INFORMATION / RELEVANCE TO MABS

Roisín Connolly

The workshop considered the legal rights and requirements introduced under the legislation. These were summarised as:

- The right to seek access to records
- The right to have personal information amended where it is incorrect, incomplete or misleading
- The right to seek reasons for acts / decisions
- The requirement on public bodies to publish certain information.

Freedom of Information was considered of relevance to MABS in relation to:

- Client information
- Policy information
- Information gaps.

The workshop reached the following conclusions:

1. MABS has made limited use of FOI to date
2. MABS has role in promoting FOI as clients are generally not aware of it
3. If FOI is extended to MABS, this will have major implications, for example, in relation to interviewing panels for positions within MABS
4. In seeking to use FOI, it is important to know the right question to ask and who to ask
5. Some aspects of the legislation are quite technical
6. Centres should try to get information without FOI, as this will involve less documentation and less formality and will probably be quicker.

ATTACHMENT OF EARNINGS

Paul Joyce

The workshop reached the following conclusions:

1. Attachment of earnings is preferable to imprisonment
2. There should be a comprehensive approach to the entire debt collection procedure which could include credit rating system / credit register / enforcement lodgements offices
3. Proposals for attachment of earnings must have adequate safeguards before implementation – protected earnings; employment protection and must be part of overall strategy including debt settlement
4. Need to establish working group with representative of creditors, MABS, lawyers, appropriate Government Departments and politicians to examine all issues prior to any proposals for implementation.

DEBT IN SELF-EMPLOYMENT

Caitríona Ní Charra

The workshop considered the following information:

- Approximately 33% of small companies picked up by the census of industrial production failed after four years
- The Forfas Business Information System indicates 37.5% failure rate after five years
- The VAT register shows that 33.4% of companies first registering for VAT in 1994 had de-registered by 1999

The business difficulties identified by MABS clients included an absence of anyone to talk to, difficulty in communicating with professionals, problems with collecting debts from customers, staffing problems, and trading too long after problems arose.

Conclusions

1. Dealing with debt and the self-employed requires specific skill involving, for example, company law, company accounts, VAT, tax liability etc. There is a lack of internal technical support for MABS on these matters except informally between individual MABS
2. The issue may require a separate service raising as it does questions regarding resources, training and liability for MABS
3. The issue of debt and the self-employed raises policy issue for various Departments, including funding requirements for dealing with such cases
4. The NAC should establish a working group to develop a national policy on the issue.

HEALTH – ADDICTIONS & DEBT

Dennis Corbett

The workshop reached the following conclusions:

1. That in dealing with this area it is important for MABS staff to recognise their boundaries and refer to specialist agencies when those boundaries are reached.
2. Where there is non-disclosure of debt by the addict, MABS should:
 - Support the spouse and family involved
 - Use referral agencies, for example St. Vincent de Paul, Social Welfare and Community Welfare Officers
 - Adopt the two track approach of (a) giving peace of mind and then (b) encouraging help for addict
3. There is a need help bring about empowerment to enable the family to deal with addict
4. MABS should liaise with local addiction counselling services & use family intervention
5. All other services know their areas of expertise and don't step outside that – MABS should do likewise.

THE HIDDEN COSTS OF EDUCATION

Anna Walsh

It was felt that there was an extremely positive outcome to the workshop and Bernie Judge from the Department of Education and Science will liaise with MABS on the issues raised.

The workshop put forward the following recommendations:

- MABS should encourage schools to dispense with logos on all items of uniform or alternatively use detachable logos
- Schools should be practical in choice of uniforms, for example, consider issues such as quality and washing instructions

- There should be an increase in the Back to School Clothing & Footwear Scheme at secondary level for first and fifth year students
- There was a call on the Department of Education and Science to fund the use of a Book Rental Scheme in all schools
- The Department of Social, Community & Family Affairs should assist families with better money management by making Child Benefit payable direct to credit unions
- The use of gowns for Communion and Confirmations should be encouraged
- Recognition of the importance of networking at national and local levels, for example, Boards of Management, Parents' Council, Teachers Unions, Departments, MABS, School liaison Officers etc.
- There should be a bonus payment in August to recipients of social welfare payments to further assist with education costs.

ANOMOLIES IN THE SOCIAL WELFARE SYSTEM

Ciara Murray

The workshop reached the following conclusions:

- The method of calculating a person's yearly average contributions should be reviewed for the Old Age Contributory Pension
- Should investigate level of PRSI contribution needed to fund Disability Benefit for self-employed
- The Fuel Allowance should be available to all Social Welfare customers on basic income, subject to means test. The Allowance should be €12 pw (2002) and index linked
- There is a need to target resources based on need, and not based on other criteria which can lead to resources being wasted, for example, the extension of the medical card to everyone over 70
- There is a need to relax the cap on the earnings disregard for receipt of Carers Benefit
- The Child Dependent Allowance should be continued up to the age of 22 for all SW recipients while a child is still in education.

OASIS – ONLINE ACCESS TO SERVICES, INFORMATION AND SUPPORT

Darach Green

The workshop reached the following conclusions:

- Citizens need to be supported in order to access OASIS and its information, this means
 - ✓ A commitment from Government to the funding required
 - ✓ Training of citizens, for example, by means of road shows
 - ✓ There should be access to PCs for community groups in order to promote OASIS service
 - ✓ The importance of not losing sight of the individual citizen in the race for information
 - ✓ Provision of Internet booths in, for example, CICs and public libraries
 - ✓ There is a need to be alert to generational problems and other marginalised groups with the use of PCs, Internet etc.
 - ✓ There is a need to be aware of the dangers of information overload.
- Funding
 - ✓ Getting a willing business sector involved in combating social exclusion through public / private partnership and in the area of funding
 - ✓ Dormant accounts – could provide suitable funding which will be coming on stream shortly
 - ✓ Devise projects and submit applications to avail of possible funding that may become available.
- Websites of OASIS & MABS
 - ✓ Recognise that the OASIS & MABS websites are excellent sources of information for money advisers
 - ✓ Money advisers need to learn about OASIS, this may require specific training.

MABS / CWO PROTOCOL

Seamus Woods

The workshop reached the following conclusions:

- A Community Welfare Officer needs certain information from MABS to make a decision on Supplementary Welfare Allowance including a MABS supplement. As a result there needs to be a full and frank disclosure. It was also considered that confusion exists about what defines a MABS supplement and what are the conditions for such a supplement
- As a matter of good practice, it was agreed that the MABS supplement should be paid to the MABS special account rather than to the client

- There needs to be a time scale and a specific reason for a MABS supplement. There is a danger that if it is on-going then it is taking over the functions of other services
- There needs to be consistency of approach between MABS adviser and the Community Welfare Officer. In order to achieve this dialogue at local level is helpful.
- If the MABS / CWO protocol is adhered to, the MABS supplement is very useful and is not just another tier or layer.

SUPPORT & SUPERVISION FOR MONEY ADVICE STAFF

Anna O'Kelly

The workshop sought to address the following questions:

- What formal and informal supports are currently available?
- What other supports would be useful?
- What is the understanding of the term supervision in a support context?

The workshop also considered the functions of supervision and identified the following:

- Staff support
- Promotion of best practice
- Health & safety
- Staff retention

The workshop reached the following conclusions:

1. Members of the management and staff of MABS agreed that the introduction of supervision (support) would enhance the delivery of the MABS service
2. It was also agreed to progress the development of a model of supervision in consultation with all relevant stakeholders, i.e. the Comhairle proposal on supervision in MABS made to the Department of Social, Community and Family Affairs in 2002.

CODE OF PRACTICE FOR MONEY ADVISERS

John Lawless

The workshop reached the following conclusions:

1. There was a recognition of the need for a Code of Practice for money advisers
2. The Code should have a value statement for clients and employees
3. There was a need to keep it simple

4. It should include the issue of protection of staff, through guidelines and a safety statement
5. The workshop identified the following key players to be involved in the development of a Code of Practice–
 - ✓ The Management Forum
 - ✓ The National Executive of Money Advisers
 - ✓ Comhairle
6. The Code once finalised should be adopted at NAC level.

MONEY ADVICE AND BUDGETING SERVICE LEGISLATION Geraldine Gleeson

The workshop considered the new MABS Bill and after hearing about the contents, raised the following concerns with the Bill:

1. It was considered that the advocacy work carried out by the service should be specifically dealt with in Section 6 of the Bill. The Section as published sets out the objects of the service as providing advice, identifying sources of credit, dissemination of information, and entering into arrangements
2. It was considered that the Bill should contain a provision for the recognition of MABS officers by the courts similar to arrangements that exist in the United Kingdom.

LEGAL / TECHNICAL SUPPORT FOR MONEY ADVICE STAFF Gwyn Grace

The workshop examined the present level of support available and identified the aims of the support as being to:

- Ensure that clients have access through MABS to specialised knowledge
- Provide money advice practitioners with 1) a second opinion, 2) knowledge and experience and 3) support

The workshop was informed that the Department of Social, Community & Family Affairs and Comhairle are examining the way forward for the provision of case work technical support and that Comhairle had made a proposal to the Department on this in February 2002.

The workshop sought to address the following issues:

- Are current technical support needs being addressed, e.g. point out gaps in the service, obstacles and suggestions for improvements
- How can money advisers provide feedback, e.g. in order to develop case knowledge, concerning complex cases, inform training needs and identify trends and policy issues.

The workshop reached the following conclusions:

- The support service at present is very dependent on a few people. There is a need to expand the availability of second tier expertise. It was suggested that this could be shared with CICs
- The expansion of the support service should include:
 - ✓ Accountancy
 - ✓ Computer back-up support
 - ✓ Social welfare – difficult cases pre and during appeal stage, legal expertise
- There should be a request to the support panel to write up sample cases as a learning tool for all involved in money advice
- There is a need for a clear avenue for progressing policy-related queries to policy makers.

IBF / MABS SETTLEMENT

Felix O'Regan & Paul Joyce

The workshop reached the following conclusions:

- It was recommended that the pilot programme should not exclude social welfare recipients who also have income from employment
- In the case of debtors with ESB /Gas arrears, the health boards should be informed of the pilot programme and an application made for an Exceptional Needs Payment to enable /encourage inclusion in the pilot
- It was stated that other money advisers not involved in the pilot areas strongly feel that the programme should be extended nationwide at the end of the initial review.

COMMUNITY EDUCATION IN PRACTICE

Tadhg O'Connor

The workshop reached the following conclusions:

- There was recognition of the vital importance of local networking with local education practitioners
- Money management should be seen as a core life skill in the educational system
- A training programme for trainers should be devised to upskill other trainers
- There was recognition of the importance of integrating MABS community education into other local training programmes.

**EFFECTIVE MANAGEMENT – PROTECTING
CLIENTS' CONFIDENTIALITY**

Michael Culloty

The workshop reached the following conclusions:

- There was a need to consider the issue of anonymity versus confidentiality and also the issue of the differences between urban versus rural situations
- The provision of supervision is an issue in regard to confidentiality
- MABS Boards and employees should make a declaration as to confidentiality
- There is an onus on Boards and staff members to identify breaches of confidentiality
- There is a need to monitor stress levels
- To what extent can files be monitored without revealing names?
- The issues involved should be considered by a staff sub-committee which would report back to its Board
- The central HQ should act as a resource on these issues
- There is a need for an audit system
- There is a need to measure output and efficiency

**CHANGING FACE OF FINANCIAL SERVICES
– RELEVANCE TO MABS CLIENTS**

Colm Butler

The workshop reached the following conclusion:

- For MABS clients the best way forward is by using the technology of the mobile phone. The majority of clients have one, use one and buy credit for it regularly. Elderly people are also using them and would not be afraid of developments in this area. There is a need, however, to keep such developments basic and simple. An additional advantage would be that by using voice communication it would assist those with literacy problems
- A disadvantage is that virtual money goes too quickly and this may prove difficult for people to cope with
- Financial institutions are targeting 3^d level students now in relation to offering them credit cards. This can be irresponsible lending. Students are also offered overdrafts on the first day of college. However, the workshop acknowledged that there is also irresponsible borrowing.
- Government agencies are forcing people into the banking system, promoting private enterprise i.e. all participants on FÁS Community Employment Schemes have to open a bank account in order for their wages to be paid. Once the banks see this regular income coming in, the people involved are suddenly given access to loans.
- MABS clients use the credit union as their bank. Whatever the developments in the future are, this is the important link for them. One suggestion was a virtual credit union using e-mail facilities to apply for a loan.

QUALITY STANDARDS IN MONEY ADVICE

Norman Laws

The workshop reached the following conclusions:

1. Setting standards first
 - ✓ Develop a checklist
 - ✓ Through standards devised by money advisers
 - ✓ Start at a basic level and evaluate how it works
2. Formalise a new level of management by
 - ✓ Consider the Co-ordinators role
 - ✓ Department goodwill
3. The need for a Money Advice Association
 - ✓ Restart the debate on this
 - ✓ It is vital for quality assurance

Access to Financial Services

Colm Butler
Department of An Taoiseach

Introduction

Under the Action Plan for the Information Society 1999, a specific unit was set up in addition to the existing Information Society Commission. Since then we have had a cabinet meeting on the information society, and a secretaries general group of government departments, who oversee the national strategy. Also there are various policy groups in existence, one from the Department of An Taoiseach on a number of issues, one is the question of payments and there is another one on inclusion. So the information society agenda is basically what about infrastructure? So far we have dealt with connecting Ireland to the world but only yesterday the Minister for Public Enterprise announced that we are going to talk about connecting Ireland to itself and we plan to make progress on that. It is actually the foundation on which we build an information society. But there is a legal and regulatory dimension and we already have the Commerce Bill and the Copyright Bill and there is the Data Protection Directive, which is being transposed by the Department of Justice, Equality and Law Reform.

Comment [DE5]: In this speech you might like to check some of the titles of bodies etc against Colm's overheads – which you have – sometimes the tape was no too clear.

We have roadshows about awareness, TV shows, but the bottom line is that in the last three years we are fairly certain that most people know about the existence of the internet, not necessarily knowing how to use it, but they know it is there. In addition there were enabling measures about giving people access through libraries and schools and the action plan in 1999 has a large section on the electronic delivery of public services, which takes up a huge amount of our time.

The Action Plan

The plan envisaged delivery in three strands, firstly information, in other words, a proper way of distributing information about public services. This gave rise to the creation of the OASIS project, which is about citizens' services and the BASE project about business services - both went online last year. It also spoke about interaction, making it possible for people to interact with public service organisations electronically and also made reference to the need for greater integration down the road. In the intervening period the Government set up the Reach Agency under the Department of Social, Community and Family Affairs which was charged with the task of building more online services, and engaging in projects like the Donegal project, which is a kind of a reinvestigation of how a one stop shop might work and how a service can be integrated at local level. So it is not just a question of a public service shopping mall, but it is about the potential for public servants on the delivery side of things - to take a more holistic view of the clients that they serve. It is a customer centred entity with a lot of web services which are shared across the public service to prevent or eliminate the need for different public service organisations creating their own different ways of accessing services. As a result we have amalgamated all the access mechanisms into one called public services broker and there is an electronic receipts

facility being put in shortly, to enable people to pay for services on line. There is also an electronic form which will address the problem of people continually having to fill out the same information on forms for different agencies. The idea behind this is that you fill out the form once and if the information hasn't changed you don't have to fill it out again. It also has the concept of electronic vaults where people's information is stored and they hold the key to it.

The Government approved Action Plan Two recently. This Plan will be launched in a couple of weeks, and again it addresses the infrastructure problem and the legal and regulatory issues that have to be dealt with to make it possible for people in public service organisations to share information and to protect information and the rights of citizens. A further dimension deepens the concept of integration at the delivery side and also starts to look behind the delivery side to see how we can stitch the public service together much more effectively, using technology and collaborative methods.

Further Initiatives

We already have the CAIT initiatives and there is the universal participation proposal which is being run by the Department of Environment and Local Government, through the city and county development boards. This is about getting 'community champions and local heroes' to promote the concept of the internet for people in the way they live, and work and the way they get educated. Really it is just to bring people in and almost to create a dependency on it rather than to let people shy away from it.

'e' is about Internet enabled, and what that means is that it is a mechanism, a very simple mechanism, using technology for communication, for sharing knowledge and experiences, for collaborating across boundaries, for virtual communities based sometimes on place which allow people with like interests, not necessarily even in the same country, to come together and it is a mechanism for aggregation. We are doing it inside the public service and we are aggregating the access mechanisms into the public services broker.

Access to financial services - we already have on-line banking, and we have electronic funds transfer and that concept needs to be explored for everyone who is getting money from the State. We have credit cards and debit cards. However, all these are only possible if you have a bank account, and Ireland has a quite a high proportion of 'unbanked' which is a problem, and there is also a high proportion of paper still in the system in comparison to our European counterparts. It is much more common to use credit cards and smart cards there than in Ireland, we still use cheques and banking people tell us that this is extremely costly. One of the options that the bank have mooted, but I am not aware that they have sent in a proposal, is the concept of the universal bank account. This would make provision for the currently 'unbanked' and providing basically simple accounts with limited functionality and just an account number which would make it possible to deal with notional money. However, one of the problems with it is who pays for it? There are other models of similar systems in other countries, for example, in some of parts of the United States, whereby they have this concept of the universal account and the people using the account can avail of it and are charged for so many transactions in a month. With internet

technology there is scope for a lot more lateral thinking and to move beyond the bounds of what we know and that is part of what we are doing in the information society policy group in the Department of An Taoiseach. We have an e-payments group and we are aware of the universal account proposal and we are also looking at other methods of payment.

One of these is the concept of using mobile phones. In some countries, mobile phone companies and banks are teaming together because there is a very high take up of mobile phones, as is the case in Ireland. So the idea of dial up payments, where there is no credit or debit card, is that the telecommunications operator is a banker and the identification is the account number. Your mobile bill then includes the charge for your transactions. There is talk about mobile personal financial services availability, not in this country, here we are talking matters to do with banking, brokering and insurance. Smart cards are zooming up the scale as a possible solution, in the US you can buy a smart card, it is an e-purse and you can use it in certain vending machines, There is also the concept of biometrics, which links the purse to the person by using, for example, thumb prints. This is a concept, which for various reasons has not been pursued here, yet. There is the concept of digicash, which is electronic token money, paper is token money, the paper value is nothing but it is the token that represents some value and we are talking about an electronic version of that, which is generated by a bank. So it is the same as paper money except it is electronic money. The concept of netbills, for example An Post net pay service, might be related to that.

Significance for MABS

All these are really about payments and we still haven't got to the concept of extended financial services. So looking again at the potential of 'e' as a mechanism for collaboration, communication, and conversation for sharing knowledge and information, MABS has to ask the question - can the internet make a difference? If you see it as a mechanism with the above functions there has to be potential there.

MABS is filling a significant gap, it is educating people about the problem with money, it is advocating for people and connecting people with solutions to money problems. A concept like the pilot for the alternative debt settlement arrangement is an enormous leap forward in providing a preventative public service rather than a curative one. In doing that MABS is empowering people not to become a burden on society.

One of the great benefits of the Internet is this concept of aggregation, telephone operators are using that to aggregate users and offer them additional services that can be transacted over a mobile phone. The Credit Unions product is still very much what it was when I first came across credit unions in the 1960s and I wonder if there is scope to offer a different kind of product. This is not meant as a criticism, it is a question I put continually to public services. We are trying to look at problems in a more holistic way.

The Internet gives a mechanism for MABS frontline staff to give their views on policy and for these to be fed back to policy makers. We are also working on an information society Extranet to do just that, to network across the whole of the public service and beyond.

Best Practice in MABS Management

**Fr. Lorcan O'Brien
Bray MABS**

MABS – Key Objective

"To provide an independent, free and confidential Money Advice and Budgeting Service, primarily to low income families who are in debt or risk getting into debt, to facilitate them cope with their immediate debt problems and become financially independent in the long term". ("United Against Poverty - The Money Advice and Budgeting Service" p.2)

The Department of Social, Community and Family Affairs has opted to deliver this service through local, independent projects, incorporated as a company limited by guarantee, funded by the Department and locally managed by a voluntary management board, drawn from local voluntary and statutory agencies and community groups.

The Department of Social, Community and Family Affairs has overall responsibility for the management of the programme and the monitoring of the individual projects through its Voluntary and Community Services Section.

Best Practice in MABS Management

This is a model of good practice in the delivery of a social service. The Department of Social, Community and Family Affairs is to be congratulated for opting for this model in the setting up of the service.

From the perspective of local management, it is a pleasure to be involved in the provision of a community service structured in this way. I have been involved with Bray MABS for over six years and these six years have been one of the most satisfying experiences I have had of voluntary community service. Money has not been an issue for local management. All management's energies can be concentrated on the delivery of the service.

Local MABS services are funded on the basis of a three-year, renewable contract based on a work plan, which is prepared by the project.

The Work Plan is a key management tool and crucial for the evaluation of the effectiveness of each project, an instrument of best practice!

Local Management

The challenge to local management is simple enough:

- Prepare a plan based on the objectives outlined for the service.
- Recruit good staff - resource and develop them.

- Ensure a good Board of Directors drawn from local voluntary and statutory agencies and community groups and provide development and training opportunities for Board Members.
- Arrange good financial management practices, where all expenditure is documented as budgeted, requested, authorised and receipted.
- Promote the service among client groups and creditors.
- Liaise and network with the MABS National Advisory Committee, Regional Groups and Local Clusters.
- Report as required to the Department of Social, Community and Family Affairs
- Evaluate the implementation of the agreed plan, the quality and effectiveness of the service delivery and the performance of the Board.

I would like to pay tribute to the contribution of the representative of the Department on the Board of Bray MABS, a model of best practice!

I would also like to acknowledge the appointment of the East Region Development Officer, another expression of good practice. He has already brought new energy and thinking to local management. We are in a developing, not just an evolving service.

Local Management Difficulties

I do not intend to comment on best practice in each of these areas of responsibility, which I have outlined above, though I would have some comments to make. I would not suggest for a moment that what we do in Bray is a model. I wish to address instead what, in my experience, is the principal issue of best practice in MABS management as it manifests itself at local level.

The principal difficulties experienced by local management are at the interface between the Department, which administers the service through its Voluntary and Community Section and the local Management Board. (cf. United Against Poverty, Section vii, page 4.)

I will illustrate from our own experience.

The Board is required under our contract to submit a Three Year Plan and to have an agreed workplan. We submitted our last Three Year Plan in 1999. The Department did not have any discussions with us about our plan. The only response we received was a letter accompanying the new contract which listed our allocation for each of three years of the plan and a covering letter also dealing with expenditure.

Section 3.1 of the Contract states that “The Management Committee of the project will be responsible for the overall management and direction of the Project and for ensuring that the project adheres to the agreed workplan.” We have a responsibility to draw up a workplan, to submit it to the Department and to ensure that that the project adheres to it. There were no discussions with the department about our plan!

We wrote to the Department seeking information relevant to our management responsibilities, information about salaries. We followed up our written request in several phone calls. We did not receive a reply.

It is obvious that the Department and its Voluntary and Community Services Section has had its own difficulties. There has been a constant turnover of staff. The Department does not 'handle' the administrative role referred to in United Against Poverty in a way that the management of projects require, if we are to carry out the responsibilities outlined in our contracts.

Local management experiences difficulties in:

- Adhering to the primary target group, families having particular problem with debt and moneylending, specifically those dependent on social welfare or on low incomes"
- "Facilitating the target group to be involved in the planning and implementation of the service"
- Community Education
- Evaluation.

This is our experience in Bray. These issues emerged quite clearly in the Eustace/Clarke National Evaluation and Report. Undertaking that evaluation was also Best Practice.

Continuing Good Practice

Good practice requires the implementation of the Report's recommendations, in particular Recommendation 2, which refers to the overall management of the service. (Cf. MABS Evaluation Report for Phase Two, Anne Eustace and Anne Clarke, August 2000. pp.83/4.)

The Report offered three options. The thrust of the Report's recommendation is "to ensure one single and central office, within the Department, with responsibility for funding, policy and overseeing the development of MABS. This dedicated unit should have primary responsibility for providing or co-ordinating or contracting in support in relation to the core functional areas...." (External Evaluation of Money Advice and Budgeting Service Phase II Report p.84) The third option is closest to the model on which the MABS projects are themselves based. It must be the preferred one. This is also the model on which the regional development function has been developed in the East Region.

Why not do this by setting up a Limited Company for that task, with its own voluntary board, like the projects themselves and the East Region Development function?

The final point made in recommendation two, recommendation (i), refers specifically to the local projects. "Each project should aim to appoint a money adviser/team leader with responsibility for management of day to day operations." This is the co-ordinator role already developing in MABS projects. Good practice requires the implementation of this recommendation if local voluntary management boards are to manage effectively.

6. Conclusion

We are attending a MABS National Conference with the theme: “Debt – A Social Policy Issue? Towards a Response at National Level”. This illustrates very well how the delivery of a money advice and budgeting service has changed since the service was first introduced and the increasingly complex and demanding nature of the delivery of this service and the consequent responsibilities of local management boards. It is in this context that the co-ordinator role requires structuring and implementation. This will make its own demands on management to ensure that the Board, not the coordinator, manages the service. This is where the project's plan is crucial. It is a challenge which management boards will be very pleased to undertake and will enhance the model of good practice with which the service was introduced.

This investment is the kind which saves money because it ensures that resources are used to best effect.

I am also involved in Bray on a management committee of one of the urban council estates in the town, which is in the Parish where I serve. A great deal of money has been spent by the local council on development and refurbishment of the estate. Little or nothing has been spent on estate management. The residents experience little improvement in their housing conditions and money and good will have been squandered. Money invested in the overall management of MABS at national and regional levels is money saved. It is relevant to the theme of this conference; “Debt – A social Policy Issue? Towards a Response at National Level”

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