Opening Statement – Joint Committee on Children and Equality to discuss "Child Poverty and Deprivation".

Introduction

Let me begin by thanking the Chair for the invitation to the ESRI to appear before the Committee. I am Helen Russell. head of the social research division of the ESRI and I am joined by my colleague Karina Doorley. We are grateful for the opportunity to appear before the Committee today to discuss insights from ESRI research on child poverty and deprivation.

Child Poverty in Ireland

Child poverty is a key concern in Ireland and internationally and there is a growing body of evidence on the detrimental effects of childhood socio-economic disadvantage on children, both in the short term and in the long term through loss of education, earnings and health. The OECD recently estimated that the economic cost of childhood socio-economic disadvantage, through its long-term effects on employment, earnings, and health in adulthood, amounts to 3.9% of GDP in Ireland and 3.6% across the EU.[1]

Our latest research outlines the lasting link between childhood poverty and poverty, poor health and employment status in adulthood. Our research based on the Growing Up in Ireland study has highlighted the wide range of ways poverty impacts on the lives of children and young people, including cognitive and socio-emotional development, mental and physical health, and educational outcomes and opportunities. In Ireland and in many other countries, child poverty has been typically higher than that of other age groups of the population by many poverty metrics. Our research aims to understand factors contributing to child poverty, assess the effectiveness of current policies and explore potential reforms to further reduce child poverty.

Measuring Poverty

Measuring child poverty is complex due to its multidimensional nature. Ireland's existing national poverty target, and the new child poverty target, are based on the concept of consistent poverty, which combines income poverty (the at-risk-of-poverty (AROP) measure) and material deprivation to identify the most vulnerable groups in society.[i] The official income poverty measure (AROP) does not adjust for housing cost or for additional costs facing those with a disability.

Current Situation

Rates of income poverty and material deprivation are significantly higher for children than for adults under 65 or the older population. The most recent monitoring poverty report (Roantree et al 2025) found that when housing costs are accounted for, one in five children are found to live in poverty. This amounts to more than 225,000 children, with Ireland ranked 16th out of 27 countries in the European Union in terms of its after-housing cost poverty rate for children. This reflects the higher proportion of families with children living in rental accommodation and experiencing high housing costs.

Those who experienced poverty during childhood are three times more likely to be materially deprived and twice as likely to be income poor in adulthood compared to those who grew up in

[1] Clarke, C. et al. (2022), "The economic costs of childhood socio-economic disadvantage in European OECD countries", OECD Papers on Well-being and Inequalities, No. 9, OECD Publishing, Paris, https://doi.org/10.1787/8c0c66b9-en.

good/very good financial circumstances. Differences in educational attainment and employment are key mechanisms behind these patterns, with higher rates of disability and family factors also playing a role.[2]

ESRI research has consistently shown that certain children face a much higher risk of poverty. These include children of lone parents and those in households where there is someone with a disability. Poverty risk is also higher amongst larger families. Lower parental educational and social class background are strong predictors of child poverty, highlighting the role of structural inequalities.

Qualitative analysis has highlighted additional children who face high levels of poverty but who are not present in sufficient numbers in national datasets or who are not included in household surveys. These include Traveller children, and those living in direct provision or emergency accommodation. The latter populations have increased in recent years and are likely to include children most exposed to multidimensional poverty.

Impact of Current Benefit System

Using the SWITCH tax-benefit model, we investigated the impact of Ireland's current system of child-related benefits on child poverty and deprivation. Our findings show that these benefits significantly reduce child poverty rates. Specifically, in-cash child-related benefits reduce the child AROP rate by 10 percentage points, while in-kind child-related benefits reduce the child AROP rate by 1.5 percentage points.

Without child-related benefits, child poverty rates would be considerably higher. For instance, we estimate that for 2025, the child AROP rate would increase from 13.9% to 27%, the child material deprivation rate would increase from 19.5% to 23.3% and the child consistent poverty rate would rise from 5.6% to 13.6%. These benefits lift approximately 157,000 children out of income poverty, 45,000 out of material deprivation, and 94,000 out of consistent poverty.

Impact of Proposed Reforms

There are a number of ways that policy can tackle child poverty. One such way is increasing the earnings of families with children by reducing barriers to work. Another is the provision of more free services or in-kind benefits. A third is to increase targeted welfare payments to low-income families with children.

Our research focused on the latter channel, and we considered several reforms to the tax-benefit system that could further reduce child poverty. These include increases to Child Benefit, Child Support Payments (CSP), and the Working Families Payment (WFP), as well as the introduction of a means-tested second tier of Child Benefit.

Among these, we found the second tier of Child Benefit to be the most cost-effective reform. This reform would integrate CSPs with a modified WFP, allowing all households with children to receive an amount determined by their means. For an annual cost of €773 million, it would reduce the child AROP rate by 4.6 percentage points (lifting 55,000 children out of income poverty), the child deprivation rate by 0.7 percentage points (lifting 8,000 children out of

[2] Even controlling for these mechanisms those who grew up in poverty are 15 percentage points more likely to be deprived compared to those who grew up in good or very good conditions (Roantree et al. 2025).

deprivation) and the child consistent poverty rate by 2.1 percentage points (lifting 25,000 children out of consistent poverty).

Our analysis suggests that any such reform should be designed carefully to avoid income losses for some households. The effects of a second tier of child benefit on work incentives should also be investigated to ensure they do not overly discourage employment.

A multi-faceted and cross-departmental approach is necessary to address the intergenerational persistence of poverty. In addition to the importance of adequate social transfers in preventing poverty, narrowing the gap in educational attainment between those growing up in financially advantaged and disadvantaged families is crucial. The economic cost of child poverty in Ireland, at 3.9% of GDP per annum, adds to an already compelling case for devoting government expenditure to reducing or eradicating child poverty.

Thank you for your attention. We are happy to answer any questions you may have.

References:

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[i] Income poverty is measured using the At Risk of Poverty (AROP) rate: individuals living in a household where the income is lower than 60 per cent of the national median income, adjusted for household size and composition, are considered AROP. Material deprivation is measured by self-reported answers to survey questions about the household's ability to afford essentials. People are considered to experience deprivation they cannot afford two or more of the 11 basic deprivation items, eg heating, new (not second-hand) clothes etc. Those who are AROP and materially deprived are considered to be in consistent poverty. The 2025 target consistent poverty rate for the population is 2 per cent or less. In September, a new target was set to reduce the child consistent poverty rate to 3% or less by the end of 2030, a 5.5 percentage point reduction from the current 2024 rate.