

Third of income goes on childcare [IE] ^[1]

National News

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EXCERPTS

Unemployed lone parents in Ireland are financially better off staying on the dole rather than taking up minimum-wage employment, according to a major new study.

Research released by economic think-tank, the Organisation for Economic Cooperation and Development (OECD), also indicated that Irish lone parents earning below average wages would need to spend between 30pc and 40pc of their after-tax income on childcare, "a level many of them are simply not able to support".

The OECD cited those high child-minding costs as a key back-to-work disincentive, with Irish families typically paying more than one-third of their incomes on such services, even when government benefits are included.

It added that families in just five other countries included in the 30 industrialised nation survey paid as much -- in New Zealand, Canada, the US, the UK and Switzerland.

The organisation conceded that in cases where lone parents do return to the workplace, net incomes do "eventually go up", but cautioned that such kinks in the system underline the need for "careful tax/benefit design, especially where maintaining financial incentives is one of the objectives of policy reform".

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