



## *People Before Percentages*

### 1. Introduction

The Society of St Vincent de Paul recognises that the public finances are in dramatic decline. However, while appreciating that major corrective action is required to restore Government revenues, the SVP insists that the most vulnerable in our community must be protected and that no measures be taken that makes their position even worse. We make this call because, the increasing number of calls for help to our offices throughout the country and the experiences in our local Conferences reflect the huge pressures facing people at this time of unprecedented financial and economic deterioration. The SVP is very conscious of the pain and sense of bewilderment among those who have recently lost jobs and who are struggling with a dramatic drop in household income. This includes self-employed people out of work who cannot access social welfare supports and older people who have seen their savings and pensions collapse. However, there is a danger that the plight of those who did not benefit from the tiger years, and who have struggled to make ends meet over these years, could easily be forgotten amid the understandable political and media focus of attention on rising unemployment.

The underlying principle must be that the burden for economic recovery rests squarely on those who have benefited most in recent years, not on those who benefited least. Therefore the SVP asks that Government commits to key safeguards and protection for vulnerable households and individuals in the following areas.

### 2. Social welfare payments

- **Social Welfare.** Current payment rates, including pensions, must not be reduced for the following reasons:
  - Current rates are still inadequate to provide a reasonable standard of living as evidenced by the increasing expenditure by the SVP on basic living necessities such as food, fuel, education and others.
  - Reductions in inflation and the Consumer Price Index (CPI), mainly through reduced interest rates, and petrol prices, takes no account of the fact that poorer households have to spend a significant proportion of their low incomes in areas where prices are still very high, such as electricity, heating, food, education and various service charges. For example (CPI Report Feb. 2009), Energy, +17%; Education, +5.6%; Health, 5.8%; General good and services, +7.7%. And while food and energy prices have started to decline they are still among the highest in Europe.
  - Poorer households do not have a capacity to cut back spending on basic necessities and indeed often have to spend more on these compared to people on higher incomes because of lack of access and financial exclusion.
- **Child Supports.** The SVP has noticed that low-income households seeking assistance from the Society are relying increasingly on Child Benefit to provide a significant proportion of the household income. Consequently, moves to reduce or restrict Child Benefit must have their impact on poverty assessed. If Child Benefit is reduced, then the Qualified Child Increase (the targeted child payment going to children in families on Social Welfare) must be increased by the same amount to ensure that poverty, and child poverty in particular, is not increased.

### 3. Eligibility criteria for various benefits

- **Job Seekers Benefit.** Given the increase in calls for assistance to the SVP from people recently unemployed and the experience of our members in dealing with their problems, we are concerned at the prospect of changes to the eligibility criteria for Job Seekers Benefit. Any changes that move people onto the means tested Job Seekers Allowance quicker than is already the case will bring about an even sharper drop in household income than is presently the case. This is of serious concern to the SVP.
- **Secondary Benefits.** In our experience many families and children are just about surviving because of the provision of secondary benefits such as: the Back to School Footwear and Clothing Allowance, Fuel Allowances, the Living Alone Allowance, Carer's Allowance or the Medical Card. Consequently the SVP would view any restriction in eligibility to these benefits as a direct attack on the most vulnerable in Irish society.

### 4. Education – the Pathway from Poverty

The SVP was dismayed at the senseless and counter-productive cuts made in Budget 2009. For example, the €7.5 million cut-back in the support for school books to non-DEIS schools and the earlier cut-back in the budget for the School Completion Programme are of major concern to us. A child only gets one chance at pre-school and primary education before these years are gone forever. Any damage or problems not rectified during these years can blight their future. Cuts in education, particularly those affecting the disadvantaged children and young people assisted by the SVP, will not just prevent them acquiring the education and skills necessary for participation in the 'Smart Economy', sought by the Government, but will in fact perpetuate intergenerational poverty with all its consequent financial and social implications. Based on our long experience in tackling educational disadvantage throughout Ireland, we therefore ask that the budgets for Early, Primary and Secondary education be protected from any further cut-backs.

### 5. Staying In Work: Helping low income families and those on low pay

- **The Self Employed.** The SVP is very concerned about the plight of self-employed people who are experiencing great difficulties in accessing income supports through the social welfare system. It is the experience of our members that this is a particular problem in rural Ireland, where many people associated with construction and related activities established themselves as sole traders during the construction boom and are now in serious financial and emotional problems.

- **Supporting Jobs.** When a person loses their job the cost to the State, the individual and the wider economy is considerable. The State loses contributions from PRSI and possibly income tax and it must provide employment benefits and possible training supports. The individual suffers a loss of income and the consequences of that and the economy suffers through a reduction in spending. Consequently the SVP is convinced that it is far better for the State, the economy and individuals to keep a person in employment. Therefore efforts should be explored to keep people in employment by imaginative supports for companies in difficulty, through relaxation of the rules governing entitlement to welfare benefits and through the introduction of greater flexibility into schemes such as Family Income Supplement (FIS). For example, in the case of FIS, the 19 hours a week lower limit on eligibility should be relaxed so that more people working fewer hours per week can still qualify for help.
- **Foreign Nationals.** The plight of foreign nationals now in financial difficulty due to unemployment and the restrictions to financial assistance due to the Habitual Residency Condition requires urgent attention. It is the experience of the SVP and other groups that unemployment, calls for assistance and homelessness is increasing among this group. As a State we were happy to have them come here providing their skills and work ethic during the good years so morally we cannot simply disregard them now that the economy is in difficulty.

## 6. Protecting those on Low incomes from Specific Challenges

- **Indirect Taxation.** Decrease VAT to its pre-Budget 2009 levels. This indirect tax creates greatest pain for those who can least afford it – the unemployed, those on welfare benefits and people on pensions. Indeed, the SVP has been a consistent opponent of indirect taxes over many years on the basis that they are inequitable in that they take no account of ability to pay. They are a graphic example of the principle that the ‘Poor Pay Most’.
- **Carbon Tax.** In the event that a carbon tax is introduced, the poorest households must be protected. While SVP supports the ‘polluter pays’ principle, it is strongly opposed to the introduction of a Carbon Tax if the measure is introduced purely for revenue raising reasons without a mechanism for compensating the poorest households in the State.
- **MABS and Welfare Offices.** Adequately resource the Money Advice and Budgeting Services and allocate additional resources at local branches where waiting lists in many of them are in excess on 10 weeks. In addition provide additional staff both centrally and at local Social Welfare Offices to speed up the processing of claims for Job Seekers Benefit and particularly the means tested Job Seekers Allowance. Likewise, ensure that there are acceptable levels of coverage in the Community Welfare Service.

## 7. Conclusion

The SVP is aware that very difficult choices must be made by Government over the next few weeks which affect us all. The Budget will include tax and welfare changes and cuts to public services. People who are already in poverty, those who recently lost their job, and those who are at great risk of losing their employment, should not bear the same burden as those who are in a better position to withstand anticipated Budget changes. In setting out our key concerns for the April Budget we strongly urge Government to protect low income households the most from the measures to be announced in Budget April 2009.