

Society of St Vincent de Paul Response to Budget 2013: The impact on people's lives

The Society of St Vincent de Paul (SVP) Pre Budget Submission reminded Government that those who have already borne the brunt of cutbacks are unable to take any more. SVP asked Government to ensure that those who can afford it take more of the burden on their shoulders and to set out a roadmap for Irish society so that people could retain their hope for the future.

Budget 2013 once again placed the heaviest burden onto the shoulders of people who are struggling. What does this mean for individuals and families relying on social welfare; those trying to access education and training and those struggling in work, as described in our publication *The Human Face of Austerity?* www.svp.ie/faceofausterity

Families Facing Austerity	Impact of Budget 2013	Do you know - in comparison with 2009 - this family has seen...
<p>Pg. 7: Rural family with 2 adults & 3 children, <i>"are at a loss as to what's happening to them"</i> unemployed, mortgage, child with special needs; 2 cars</p>	<ul style="list-style-type: none"> • Reduction in Child Benefit of €456 • Reduction BSCFA of €150 • Increased Car Tax • Introduction of local Property Tax • Respite Grant reduction of €325 • Prescription Charge increased from €10 maximum to €19.50 maximum per household <p>Minimum Income Loss: €931</p>	<ul style="list-style-type: none"> • Reduction in social welfare of €847 main claimant and €561 QA • Reduction in Children Benefit payments of €1,740 • Reduction in BSCFA rate from €305 to €200 for older children and from €250 to €100 for younger children. This family is worse off by €505 as a result. • Reduction in Fuel Allowance of €120 • Reduction in respite care grant of €325 • Introduction of the €100 Household Charge, property tax, increase in car tax, prescription charge for medical card holders increased to maximum of €19.50 per household, carbon tax, cap on number of Special Needs Assistants, cut in guidance counselling service, loss of Child Benefit for children aged 18 even in second level education <p>Minimum loss of income for this household of €3,898 compared with 2009</p>
<p>Pg.8: Lone parent 'Sharon', 3 children; rented accommodation; in debt & rent arrears; reliant on solid fuel.</p>	<ul style="list-style-type: none"> • Reduction in Child Benefit of €456 • Reduction BSCFA of €150 • Solid Fuel Carbon Tax <p>Minimum Income Loss: €606</p>	<ul style="list-style-type: none"> • Reduction to Social Welfare payments of €847 • One Parent Family Payment to be removed when youngest child is 7 • Reduction in Child Benefit payments of €1,740 • Loss of Christmas welfare payment worth €564 over 3 years • Rent Supplement minimum contribution increased by €884 • Reduction in BSCFA of €450 • Reduction in fuel allowance of €120 • Increased cost of energy and solid fuel, reductions in capitation grant for schools that has resulted in increased voluntary contributions, cut in support for one parent families accessing Community Employment <p>Minimum loss of income for this household of €4,605 compared with 2009</p>
<p>Pg. 11: 'Anne', lone parent 3 children Made redundant; bills & debts; returned to 3rd level education</p>	<ul style="list-style-type: none"> • Reduction in Child Benefit of €456 • Reduction BSCFA of €150 • Loss of cost of education Allowance worth €300 <p>Minimum Income Loss: €906</p>	<ul style="list-style-type: none"> • Cut to the student grant of €395 per year • Reduction in Back to School Clothing and Footwear Allowance of €450 • Student grant and Back to Education Allowance no longer paid together • Cost of Education Allowance abolished, was €500 per annum • Reduction in Child Benefit payments of €1,740 <p>Min loss of income for this household of €3,085 compared with 2009</p>
<p>Pg. 15: Joan, separated with 2 children. Part-time work, reduced hours and lost FIS, mortgage and other debt.</p>	<ul style="list-style-type: none"> • Reduction in Child Benefit of €240 • Reduction in BSCFA of €100 • Introduction of property tax • Increase in Drugs Payment scheme to €144 • Loss of PRSI allowance costing €260 <p>Minimum Income Loss: €600</p>	<ul style="list-style-type: none"> • Introduction of Universal Social Charge on income over €10,036 • New school transport costs for primary school children of €200 for this family • Earnings disregard for One Parent Family Payment reduced from €140 to €110 • Increase in Drug Payment Scheme from €90 to €144 • Reduction in standard rate tax bands of €3,600 to €36,800 for a lone parent • Loss of PRSI allowance costs €260 • Reduction in Child Benefit payments of €864 • Reduction in BSCFA €200 <p>Minimum loss of income for this household of €1,524 compared with 2009</p>

SVP Analysis

Households relying on social welfare, even though the basic rates were protected, will see further deep cuts to their incomes and a worsening of their circumstances from 2013. The situation of many individuals and families relying on social welfare was desperate before Budget 2013, as outlined in *The Human Face of Austerity*. These households were already struggling before Budget 2013, partly due to the cumulative cuts to income supports and services they have experienced over the past number of years. What do more cuts mean for these families?

There was **no compensation for families on a low income** to protect them from the cut to Child Benefit in Budget 2012 or 2013. This means that parents will find it harder to pay for their children's school books and uniforms; pay for their children's activities like music, dance and sport and will struggle to pay for curricular costs such as swimming lessons. School tours will be beyond many more students. Cuts to the **Back to School Clothing and Footwear Allowance** will make the start of a new school year even more stressful for families.

The reduction in the **household benefits package** means older people like Tony (p 9) risk becoming more isolated as the telephone allowance has been reduced, or may cut down on energy usage due to fears of getting into debt.

Many families with caring responsibilities will be hit by a **reduction in the respite care grant** from €1700 to €1375, a cut of €325. This means that carers will get significantly less respite from their responsibilities in 2013.

The introduction of the **carbon tax on solid fuel** means that the only form of heating that people like Sharon (p8) can afford will become more expensive. The **property tax is an added stress** for anyone in mortgage arrears, who may have already negotiated a break from the bank with their mortgage repayments. The increase in **motor tax** will affect those who must rely on a car. One family (p 7) explained they are already unable to afford to tax their car and are taking chances driving around with no tax, travelling back roads to avoid Gardaí.

The increase in the **charge for prescriptions for medical card holders** will mean that parents like Ciara and Denise (p 19 & 23) who have children with serious health problems will see the maximum amount they must pay for prescriptions double, at the same time as experiencing a cut in Child Benefit. Ireland has now entered an era of **explicit public health service rationing** which impacts very much on people waiting for treatment. This rationing situation is exacerbated as the flight from private health insurance continues. 60,000 people have opted out of private health insurance for cost reasons in 2012 alone which adds more pressure to the **already oversubscribed public waiting lists** for community health services. This means longer waiting times before being seen, diagnosed and treated for those who cannot afford to pay for fast track access to specialist care. The **increase in the ceiling for the Drug Payment Scheme** means that prescriptions to the value of €144 per month must be paid for, an increase of €12 from last year and €54 since 2009.

The reduction in **Jobseekers Benefit from 12 months to 9 months** for those with 260 social insurance contributions or over, and from 9 months to 6 months those with less than 260 contributions is especially difficult. This means less money to people recently unemployed and underestimates (or ignores) the psychological trauma of job loss. People have paid into an insurance fund, many for years, only to find that not only have they lost their job, but they have lost their safety net too.

Lone parents in employment will be affected by the **reduction in the earnings disregard for the One Parent Family Payment**. This change was announced in Budget 2012 and means that from January 2013, once lone parents like Joan (p15) and Mary (p 16) earn over €110 they will start to lose their One Parent Family Payment. The earnings disregard is due to be reduced to €60 by 2016. Of course this will be combined with the previous cuts to social welfare payments, Child Benefit and the Back to School Clothing and Footwear Allowance. Mary (p 16), living in a local authority house, and Sharon (p8) living in private rented accommodation both fear that their rent will go up due to the property tax if their landlords pass on the charge. Joan (p 15) has been looking for a second part-time job, but she is now worried that if her earnings increase she will be liable for more PRSI.

SVP is particularly **concerned for low skilled adults like Anne (p 11) considering returning to education** to improve their life chances and employability. The changes in this budget will make it harder for these people, often in family settings, to decide to re-enter education as their household incomes will be substantially reduced. This is an enormous barrier which will prevent many from taking that critical first step back to further education and training. This decision will affect their life chances and will **consign many to a life of non-participation and serious risk of poverty**.

For families whose children like Katy (p12) have never progressed to third level this budget will make it much harder to take that important first step. SVP has been encouraging and financially supporting these families for decades. Often it is the costs of participation, particularly if students travel to study, and daily living expenses which these families find impossible to fund over the longer term. Coupled with the ongoing delays in grant administration many would-be students will no longer be able to countenance this life changing step. We know that for the many thousands of families just over the **newly reduced income thresholds for the maintenance grant** their hopes of progression to third level education have been dashed. **The increase in the Student Contribution Charge to €2,500 for 2013** – this will continue to increase by €250 in 2014 and 2015 – will only deepen the difficulty they will experience as their incomes are being incrementally eroded by these cuts. The cut in allocation to the VECs by €13.2 million is worrying as this is the sector most focused on supplying further education opportunities to low skilled people on limited means, despite the statement that the level of service will not change. Government failed to make provision to support young people from non-EU countries for whom Ireland is now home and who wish to progress to third level education on the same basis as their classmates.

The **School Completion Programme**, an innovative responsive programme operating in areas of disadvantage targeting early school leavers will spend 6.5% less in 2013 than last year. This will impact on the ability of this successful initiative to engage with a very vulnerable group to keep them in second level education. There will be **reductions in various youth programmes** of between 5% to 10% which means that disadvantaged young people, who already struggle in homes with insufficient income, have less access to projects and initiatives which allow them to participate and build their skills and confidence working with specialist staff.

Conclusion

In households like those SVP sees throughout Ireland - where a mother talks about moving tinned foods from the cupboard to the fridge to make it look full in front of the children; where a family has received a disconnection notice from their electricity supplier; where an older man is so isolated that he has no one there for him but the SVP visitors - the effects of Budget 2013 will be felt harshly. Those individuals and families who have made the move from welfare into employment, education or training will see the supports they need to help them improve their lives reduced further. These households have already cut back on food, heating and social interactions. Parents will find it more difficult to keep children in school; they will continue to worry about how to feed their families; they will struggle more with the cost of healthcare; they will continue to turn to moneylenders and many will lose their sense of hope in the future. Because of Budget 2013 and the budgets in recent years these households and the thousands more like them across Ireland are faced with a very difficult future.

Society of St Vincent de Paul

Social Justice and Policy team

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