Society of St Vincent de Paul

Analysis of Budget 2014

October 2013

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Introduction

The Society of St Vincent de Paul (SVP), as the largest charity of social concern and action in Ireland, has a unique position in the homes of individuals and families who are struggling throughout the country. Our members see first-hand the devastation which a bill too many or a cut too far can bring about for vulnerable people, wreaking havoc on their lives, their children's lives and the whole community.

Make Your Voice Heard

Our experience led us to launch the 'Make Your Voice Heard' campaign for fairness and an end to austerity in Budget 2014. We invited people across Ireland to join our campaign and share their personal experiences of the stress, hardship and worry that austerity has brought into their lives. Many people took up the call and they told us about their struggles, expressing their despair and fears about what further cuts would mean for their families. The voices, messages and stories that supporters of our campaign shared with us backed up the messages contained in our pre budget submission to Government, which called for the protection of income supports and services relied upon by the people we assist and those who are struggling. Thanks to those who supported our campaign, some of the harshest cuts that we have seen in recent years were not repeated. Further information is available on www.svp.ie/yourvoiceheard. Although some individuals and families were protected in Budget 2014, it is clear that the struggles for thousands of others will be worsened from January 2014.

Cumulative effect of charges and cuts

There were some notable and welcome announcements in Budget 2014, but many individuals and families will be facing into more difficulties next year. While some of the SVP's key demands were met (protection of most social welfare payments, family income supplement, child benefit, fuel allowance and educational supports), the cumulative effect of increased charges and reduced payments in other areas will have a severe impact on household incomes.

Families still reeling from cuts in previous years, older people and young people targeted for 2014

In previous years cuts targeted children and families, and the impact of these cuts are still being felt by families today, with further reductions in income that were announced in Budget 2013 set to kick in from January 2014. This year, young people and older people were targeted. Young people who are unable to find employment and older people who are isolated or suffering from ill health will be badly affected.

A jobs budget?

The measures to tackle unemployment announced by Government must concentrate on upskilling those with low levels of skills, experience and education; provide opportunities to those who are long term unemployed; and support all parents, particularly those parenting alone, to take up employment and training when they are available. A 'jobs budget' should avoid creating new unemployment traps. However Budget 2014 fails on this measure, with the announcement of the decision to remove the full medical card from those returning to employment; the decision to continue to reduce the earnings disregard for the One Parent Family Payment; the decision to remove the One Parent Family tax credit affecting those who are sharing parenting and in employment; and the discontinuation of the payment of a VTOS/FAS training allowance to recipients of the One Parent Family Payment.

Department of Social Protection

SVP welcomes the protection of social welfare rates for those aged 26 and over, and the fact that no further cuts to Child Benefit and the Back to School Clothing and Footwear Allowance have been made. Family Income Supplement, a crucial support for families in low paid employment has also been protected. The Fuel Allowance was also protected from cuts. Although the real value of this payment has been eroded by energy price increases in recent years, we are relieved that the payment has been maintained at current rates. The Back to School Clothing and Footwear Allowance was protected for children in primary and second level education, but is no longer payable for those aged 18-22 in full time third level education. The expansion of Breakfast Clubs in disadvantaged areas is also to be welcomed.

However, families with children are still coping with reduced social welfare supports as a result of decisions made in previous budgets, and some of the measures announced in Budget 2013 will only begin to affect families from January 2014. A family with one or two children has lost more than one fifth of the Child Benefit payment since 2008 and has seen the Back to School Clothing and Footwear Allowance reduced by 50% for younger children and by a third for those at second level. Child Benefit has now been standardised at a rate of €130 per child per month. This means that a further cut of €20 per month per child which was announced in Budget 2013 will affect families with four or more children from January 2014. Almost 40,000 families receiving Child Benefit had four or more children in 2012.

The decision to proceed with the reduction in the earnings disregard for the One Parent Family Payment means that from January 2014 the earnings disregard will be reduced from €110 per week to €90 per week, reducing the take home pay of lone parents who are combining paid employment with the One Parent Family Payment. The earnings disregard is an important support for people parenting alone moving into paid employment, which recognises the challenges faced by some people parenting alone when it comes to taking up paid employment, in particular the lack of affordable, quality, accessible childcare and afterschool care. These problems have not been addressed and yet the reduction in the earnings disregard is set to continue, and will be reduced to €60 per week from 2015. This measure undermines the Government's stated objective of tackling the number of jobless households in Ireland.

The decision to extend the €100 rate of Jobseekers Allowance and Supplementary Welfare Allowance to those aged 22-24 years, from €144 per week, and to reduce the payments from €188 to €144 for those aged 25 will result in financial hardship and increased risk of homelessness for many families and young people. However, young people who are were in the care of the HSE during their 17th year will receive the full rate of Jobseekers Allowance up to age 24.

The Back to Education Allowance rate has also been reduced, from €188 per week to €160 per week for those aged 25. In 2012 there were 57,776 young people aged under 25 in receipt of Jobseekers Allowance and a further 5,157 young people aged under 25 in receipt of Basic Supplementary Welfare Allowance. The unemployment rate of young people aged 15-24 years is 29.6%. Research from the Vincentian Partnership for Justice demonstrates that the cost of a minimum essential standard of living for a young adult living in the parental home is forecast to rise to €183.99 per week in 2014. There is a significant gap between what is required for a minimum essential standard of living and the support provided by Jobseekers Allowance/Supplementary Welfare Allowance or the Back to Education Allowance rates for young people. This will result in further stress, struggling and hardship for low income individuals and families.

SVP is also concerned at the implications of this cut for young people who are homeless or at risk of becoming homeless. Young people who are resident in homeless hostels may have to leave emergency accommodation as they may be unable to afford their weekly payment to the hostel from their very low social welfare payment. Young people who are homeless may also be unable to move onto rented accommodation as it is unlikely that they will be able to afford the minimum rent supplement contribution from their reduced Jobseekers payment. Couples who are in receipt of Rent Supplement see the minimum contribution increase from €35 per week to €40 per week. It is important to remember that many people in private rented accommodation pay far more than the minimum contribution towards their rent and this additional €20 per month is likely to be the final straw for some households being able to stay in their family home.

While some individuals and families were protected from cuts in Budget 2014, it is clear that the income of thousands of other families will be reduced from January 2014 onwards.

Department of Communications, Energy and Natural Resources

SVP welcomes the focus on energy retrofit, and the additional funding for the Better Energy Warmer Homes Scheme announced in Budget 2014. Household energy bills have increased by over €500 over the past three years and the SVP has increased its fuel assistance to households in Ireland from €3.8 million to over €10 million annually. While 250,000 homes have acquired retrofitting measures such as attic and cavity wall insulation, draught proofing and low energy lighting, the Government's own target of retrofitting 1 million homes by 2020 is not going to be achieved. Low income households with high fuel costs should be prioritised for energy retrofit and measures to tackle fuel poverty.

Department of Health

While SVP welcomes the commitment to extend free GP care to children up to the age of six years we have been very disappointed by the lack of implementation to date of Government's pledge to extend free GP care to all by 2016 and are concerned at the emerging questions regarding the viability of achieving the full commitment in the lifetime of this Government.

Given the very steep social gradient of health inequalities in Ireland SVP does not understand the increase in the prescription charge for medical card holders, up from €1.50 to €2.50 an item, up to a monthly ceiling of €25 per household. For those on the lowest incomes and with the poorest heatlh this increase is substantial and has the potential to discourage people from filling prescriptions which can lead to more chronic illness and inappropriate admission to Accident and Emergency units. Withdrawing the full medical card from those who get jobs and replacing it with a GP visit card (estimated number 22,000) will work as a barrier to these people who will be very aware that paying for prescriptions and losing the other exemptions associated with the full medical card such as exemptions from paying exam fees and school transport charges will make it harder for them to make ends meet. This is not a pro-employment approach.

The removal of the full medical card from approximately 35,000 people who are aged over 70 will result in this group having to pay for their own prescriptions up to the current Drug Payment Threshold of €144 a month. This measure will affect those aged over 70 with an income of more than €500 per week for those living alone, or €900 per week for couples. This will have a substantial impact on people on a fixed income, particularly those with the poorest health who require more medication.

We are also very worried at the €660 million of health cuts and lack of detail as to how this will be achieved. We have a deep unease as to how exactly the medical card probity review (to save €113 million) will impact on those with most need for health care. We await clarification as to how these savings will be achieved. SVP is very fearful for households and individuals just above the income threshold for the full medical card whose income will be insufficient to meet their prescription and other health care costs. We are also concerned for the many families who have sacrificed much to retain their private health insurance as it will only be possible to claim tax relief on premiums up to €1,000 per adult and €500 per child. Tax relief will no longer be available on the portion of a premium which is over €1,000 per adult and €500 per child.

While the allocation of €20 million to develop community mental health services is welcome it is less than the 2013 allocation and will not be enough to bring the current and promised community mental health teams to an adequate level of a functioning across the country.

Department of Children and Youth Affairs

SVP welcomes the €4.5 million allocated to improve quality in the pre-school sector through more inspectors, a training grant to help staff meet the new qualification requirements due in 2015 and a mentoring service to support the AISTEAR curriculum and SÍOLTA framework. Unfortunately investment in the early years sector in Ireland has been very inadequate to date which continues to result in access, quality, and affordability problems, particularly for those with low incomes.

SVP notes that afterschool care continues to be noticeable by the absence of any funding. The €14 million pilot After School Childcare Scheme targeting low income parents announced in Budget 2013 has experienced low take up. While continuing to implement the scheme, the remaining funds have instead been redirected to provide another strand of the Childcare Education and Training Supports

(CETS) scheme to provide part-time child care places for parents on Community Employment schemes. Previously only trainees on SOLAS and Education Training Board courses could avail of these child care places. The lack of investment in after school care and support is regrettable as the sector is informal and without any regulation.

Department of Education

SVP welcomes the additional €5 million funding for primary schools to encourage the establishment of school book rental schemes - we have campaigned on this issue and are pleased with this step in the right direction to reduce book costs for over-burdened parents. Other practical solutions, which we continue to advocate for, must be introduced to continue to reduce the participation costs of education.

SVP notes the unchanged Pupil Teacher Ratio, the 1,395 new teaching posts, the protection of DEIS funding for disadvantaged schools, the protection of the €1.3 billion budget for children with special educational needs and the 2,000 training places ring-fenced for under 25 year olds in the Youth Guarantee Scheme. While we welcome the protection of the Student Maintenance Grant at its current levels we know that the €250 increase in the Student Contribution Charge to €2,750 for the 2014/2015 academic year will result in more hardship for families struggling to send children onto third level education. However, it is important to note that many students on a low income are exempt from all or part of the student contribution charge, depending on their family income.

Conclusion

We asked Government to announce a budget for 2014 which did not cause further damage to our communities and people, but instead provided us all with hope and a future to look forward to. Cuts to supports like child benefit, social welfare, household benefits, medical cards and education, which only a few years ago would have been unthinkable have happened each year since 2008. The cumulative impact of these cuts will continue to affect those who are struggling.

SVP therefore welcomes some of the measures announced in Budget 2014 as some of the harshest cuts that we have seen in recent years were not repeated. However, for many people: older people in poor health or living in isolation; individuals and families who are afraid that they will lose their medical card if they take up employment; those who have already lost their medical card in spite of being in medical and financial need; people who can no longer afford to pay for the prescriptions they need; those parenting alone who have borne the brunt of the cuts in recent years and young people who now feel that the only option open to them is to try and find the resources they need to emigrate, Budget 2014 provides little by way of hope.