Budget 2016:

"Ireland – No Budget Bonus for Young People"

Post-Budget Analysis

Comhairle Náisiúnta na nÓg

National Youth Council of Ireland

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Budget 2016: NYCI Response

Introduction

In its Pre-Budget 2016 submission, entitled '*Quest for the Best,'* NYCI highlighted key issues affecting the lives of children and young people, and outlined our proposed budget to respond to the needs of children and young people in Budget 2016.

NYCI's Pre-Budget submission identified 5 budgetary priorities which it urged Government to address in Budget 2016. The 5 areas included:

1. Investment in Youth Work Services

- Increase investment in Youth Work services in light of the growing numbers of young people, and to ensure implementation of the National Youth Strategy.

2. Provision of supports for most disadvantaged young jobseekers

- Increase the investment to the 'Youth Employability Initiative' to €3m to support projects by the youth work sector to address needs of long-term unemployed jobseekers.

3. Provision of incentives for young jobseekers to engage in education, training and employment opportunities

- Restore the adult rate of €188 to all young jobseekers under 26 years who are participating in education, training and work experience opportunities.

4. Tackling Alcohol-Related Harm

- Introduce a 1.25% social responsibility levy on drinks manufacturers to generate funds to replace the sponsorship of large sporting events by the drinks industry.

5. Promotion of Youth Participation in the Democratic Process

- Introduce a 'Youth Voter Registration and Participation Initiative' to promote voter registration and mobilisation.

NYCI have analysed and assessed the provisions contained in Budget 2016 against the 5 key areas included in NYCI's Pre-Budget submission.

NYCI Analysis & General Commentary

Recession has had devastating social and economic consequences for Ireland. The impact of austerity is reflected in the numbers of people unemployed, the levels of personal indebtedness, the numbers of jobless households, the rate of child poverty and the increase in food and fuel poverty prevalent in Ireland (DSP, 2012), (O'Sullivan, C., 2010), (Weston, 2012), (CER, 2012b), (CSO, 2009b), (CSO, 2012c).

We know that the impact of recession has been particularly acute for young people across Europe. In Ireland, the proportion of young people experiencing more serious deprivation has increased from 7% in 2007 to 18% in 2011. Young people in large households, such as those living both with their parents and their partner and/or children are the most likely to experience high level of deprivation.

As we start to see the beginning of economic recovery, we expected Budget 2016 to redress some of the austerity measures inflicted on young people over the last 7 years.

We had hoped that this year's Budget would begin the process of restoring Jobseeker's Allowance for young unemployed people under 26 to the full adult rate of €188. We are very disappointed that the Government ignored the needs of the over 41,000 young people on the Live Register. Furthermore, the much heralded increases in the Christmas bonus will only benefit a minority of young people on Jobseeker's Allowance as most don't qualify.

Indeed, Budget 2016 offers very little comfort for young people, particularly the most vulnerable young people who are struggling on a daily basis, to make ends meet.

There are, however, some budgetary provisions that are extremely welcome and are important to acknowledge. These positive budget measures relate to:

- the additional budget allocation to the youth work sector,
- the increase of €5 to Child Benefit per month,
- the increase in funding of €38m for Tusla (Child and Family Agency) in 2016,
- the additional 2260 teachers at primary and post primary level,
- the extension of free GP care for all children under 12,
- the introduction of a two week paid Paternity Leave,
- the extension of the free pre-school year from age 3 to primary school.

These budgetary provisions are really significant and will undoubtedly serve to support and enhance better outcomes for children at the start of and throughout their childhoods.

In relation to youth work funding, which is a key priority identified in NYCI's Pre-Budget Submission, the fact that the Government acknowledged the important role of youth work is welcome. In the context of 7 successive years of cuts to youth work services (amounting to a 31% cut to youth services since 2008), it is positive that this year, youth work receives an increase of €1.1m in current and €2.25m in capital expenditure for vital support and services for young people.

We acknowledge the importance of an increase in funding for youth work services in Budget 2016, which will provide additional support to youth organizations working with young people throughout the country. Given the savage cuts in previous Budgets, the needs of the growing youth population, and the commitments in the National Youth Strategy, however, we need to see greater progress in funding in the coming years.

The Budget provided an increase in the minimum wage of 50c which brings it up to €9.15 per hour. Whilst modest, this increase in the minimum wage is welcome, and could benefit up to 47,000 young workers under the age of 30 years. The reduction in the USC for those on low incomes is also welcome.

Whilst these supports are welcome, NYCI believes that more could have been done to support young people to access education, training and employment, and to address the serious deprivation so many young people continue to experience in Irish society.

Budget 2016 did nothing to address the housing crisis, nor did it respond to other important issues affecting young people, such as measures to reduce alcohol-related harm, or to promote youth participation in the democratic process.

Overall, the Budget neglected to support and respond in an adequate manner to the needs of young people. We are extremely disappointed by the grossly inadequate budgetary provisions contained in Budget 2016, which do little to support young people.

Summary of Budget Measures

Investment in Youth Work Services

NYCI have consistently campaigned for Government to support the most vulnerable and marginalised young people through the recession, by maintaining youth work funding at existing levels.

In our Pre-Budget submission, we highlighted the important contribution Youth work services make to young people and to the community at large. Furthermore, the submission highlighted the important economic contribution youth work makes to the State, and argued for an increase in funding in Budget 2016.

Budget 2016 delivered for youth work by allocating an additional €1.1m in current, and €2.25m in capital expenditure for vital support and services for young people.

Provision of supports for most disadvantaged young jobseekers

In our Pre-Budget Submission, NYCI welcomed the fact that there is job growth in the Irish economy and youth unemployment has declined to 20.2% in May 2015[1] but argued that the rate of youth unemployment is still double the rate it was in 2007 before the economic crisis.

We called on Government to support young people to move into education, training and work experience by providing additional income support, and by investing in measures to reach those most

[1] CSO Monthly Unemployment Report, May 2015

distant from the labour market. In particular, we sought an increase in the investment to the Youth Employability Initiative of €3m to support projects by the youth work sector to address needs of long-term unemployed jobseekers.

We welcome the announcement by the Minister for Children and Youth Affairs of the details of application process of the €600,000 "Youth Employability Initiative." As we outlined in our Pre-Budget submission, however, we believe this funding is inadequate to meet the need and should be increased.

We will continue to advocate for increased funding to enable the youth work sector to support and enhance the employment of young people.

Provision of incentives for young jobseekers to engage in education, training and employment opportunities

In NYCI's Pre-Budget submission, we called for the restoration of the adult rate of €188 to all young jobseekers under 26 years who are participating in education, training and work experience opportunities.

Budget 2016 failed to restore the full rate to jobseekers under 26 years of age, leaving unemployed young people struggling to survive on an inadequate income. We are extremely disappointed by the inadequate response to meeting the needs of young jobseekers in this Budget. At a time of economic recovery, it is important that measures are taken to support young jobseekers to engage in education, training and employment.We believe this is grossly unfair and most inequitable.

Tackling Alcohol-Related Harm

Our Pre-Budget Submission called on Government to introduce a 1.25% social responsibility levy on drinks manufacturers to generate funds to replace the sponsorship of large sporting events by the drinks industry.

We welcome the decision[2] of Government to introduce the Public Health (Alcohol) Bill 2015 which progresses a number of the recommendations contained in the report of the Steering Group on the National Substance Misuse Strategy.[3] We are disappointed, however, that the Government has not proceeded to restrict and ultimately phase out the sponsorship of major sporting events by the drinks industry.

One of the key arguments against this proposal is that sponsorship contributes about €35m per annum to the funding of sports organisations. We proposed in our Pre-Budget submission, that this funding could be replaced by the introduction of a social responsibility levy on the manufacturers of drinks products as recommended by the National Substance Misuse Strategy Steering Group. We estimate that a 1.25% levy on the turnover of drinks manufactures could generate in the region of €38.75m.

Budget 2016 did not introduce a social responsibility levy of this nature, which is regrettable and in our view, a missed opportunity to prevent and reduce alcohol-related harm.

Such a measure, we believe, would not only help to solve the problem of replacing the funding lost through the restrictions on

[2] Government Press Release on Public Health Alcohol Bill, 3rd February 2015 http://health.gov.ie/blog/press-release/government-publishes-far-reaching-measures-to-tackle-alcohol-misuse/
[3] Steering Group Report on a National Substance Misuse Strategy, Department of Health, February 2012

drinks industry sponsorship of sports but would also ensure that the manufacturers of alcohol products, make a contribution to reducing rather than increasing alcohol misuse and alcohol-related harm amongst young people.

Promotion of Youth Participation in the Democratic Process

NYCI have consistently campaigned for Government to support the electoral participation of young people. In our Pre-Budget submission, we called for the introduction of a 'Youth Voter Registration and Participation Initiative' to promote voter registration and mobilisation.

We welcome the fact that voter turnout among young people aged 18-25 years has increased in recent years. The 2011 CSO report on voter participation[4] found that 62% of young people aged 18-25 years voted in the 2011 General Election, compared to 50% in the 2002 General Election. We welcome the indications that voter registration and voter turnout among young people in the recent Marriage Equality referendum was high.

While many aspects of the Irish electoral system currently function well, one component of the system is not fit for purpose, namely the voter registration system. The democratic process is diminished and undermined if the electoral register is inaccurate and incomplete.

Government should support measures and actions to enhance voter registration and participation of young people. The introduction of a 'Youth Voter Registration and Participation Initiative' would have helped to encourage young people to participate in the electoral process. There was no support for such an initiative in the Budget.

Other Budgetary Measures of Interest

- The Universal Social Charge was cut at all three levels. The entry level for paying USC will increase to €13,000 in 2016 and the 3 lowest bands of USC have been reduced from 1.5% to 1% on earnings up to €12, 012, from 3.5% to 3% on earnings up to €18,668, and from 7% to 5.5% on earnings up too €70,044.
- The price of a packet of 20 cigarettes was increased by 50c to an average of €10.50.
- The minimum wage was increased by 50c to €9.15 per hour. It is estimated that this could benefit up to 120,000 workers of whom up to 46,920 (39.1%) are under 30 years.
- State Pension payments for those over 66 years will increase by €3 per week from next year.
- The Fuel Allowance will increase by €2.50 per week to €22.50.
- A two week paid paternity leave was introduced effective from September 2016.
- The tax-free threshold for Capital Acquisition Tax will increase from €225,000 to €280,000 to allow greater transfers between parents and children.
- Local Property Tax rates will be frozen until 2019.
- 20,000 additional residential units will be delivered by NAMA before the end of 2020. More than 90 per cent of them will be in the greater Dublin area.
- The €5 stamp duty on debit cards is to be abolished but will be replaced by a 12c fee every time a withdrawal of cash is made. This will be capped at €5.
- The rate of Motor Tax will be reduced for all vehicles above 4,000kgs with a new annual rate of €500 for vehicles between

[4] http://www.cso.ie/en/media/csoie/releasespublications/documents/labourmarket/2011/voterq22011.pdf

4,000kgs and 12,000kgs and €900 for vehicles over €12,000kgs.