



NYCI Pre-Budget Submission 2013

“Back the Future”

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National Youth Council of Ireland

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Economic Context

With uncertainties in the eurozone remaining unabated, Ireland continues to face challenging economic times. The most recent ESRI Quarterly Economic Commentary highlights progress domestically in terms of fiscal consolidation, financial sector reforms and a reversal of competitiveness losses; however, it cautions that the uncertainty in the eurozone has the potential to suppress any significant recovery in Ireland's economy for the foreseeable future (summer, 2012).

The international recession will determine growth in the Irish economy. GNP growth is expected to be flat and the ESRI are predicting a rise of 0.6 per cent in GDP. The outlook for 2013 is expected to see an increase in export volumes and a less negative domestic environment, a slight growth in GNP by 0.5 per cent and an expected expansion of 2.2 per cent in GDP.

The ESRI expect household consumption to weaken further in 2012 and 2013 as a result of a continuing decline in disposable incomes. Furthermore the CSO's Household Budget Survey indicated that private consumption spending may be modest.

There is still a significant deficit between exchequer receipts and spending despite the large cuts to public spending in the last four years. Further cuts and austerity measures in the public finances will mean more challenging times domestically. We continue to experience high rates of youth unemployment and long term unemployment. With limited prospects at home, many young people are emigrating in search of work. Such high a level of emigration, particularly amongst young people, is expected to reduce the impact of falling employment on the unemployment rate for the next 2 years. The ESRI predict employment opportunities should improve as economic growth improves in 2013 (ESRI Quarterly Economic Bulletin, summer 2012)

An extremely uncertain and fragile economy prevails across Europe and internationally. We are cognisant of the difficulties Government face at the present time and it is against this context that NYCI makes its submission.

We are conscious now more than ever that Government must make savings but we strongly recommend the protection of services and income supports for those who care for children and young people.

Furthermore in the context of the forthcoming Children's Rights referendum this year, it is vital that funding to services and infrastructure for children and young people continues to be paramount if we are to fully realise the full cost of affording our young their rights.

This submission

The areas of particular concern to NYCI are cuts relating to youth work services, the continuing high levels of youth unemployment and supports for the most vulnerable children. We are also concerned about a broad range of reductions in funding allocations to other government agencies responsible for delivering services to children and young people. Recognising the need to highlight areas of service provision most in need, our Pre-Budget submission has outlined priority areas in need of sustained public expenditure.

Our submission focuses on the following areas;

1. Supporting Youth Work Services
2. Addressing Youth Unemployment
3. Reducing Child Poverty
4. Tackling Alcohol Related Harm

The Impact of Further Cuts in Youth Work Funding

Funding for youth work services supported by the Department of Children and Youth Affairs has been cut by 20% since 2008 from €73.1m¹ to €58.3m². This is despite the fact that children and young people in Ireland have endured increasing levels of poverty, social exclusion and unemployment. Ireland has the largest number of young people under 18 in the EU15 at a high risk of poverty and has the 4th highest percentage in the EU (18.4%) of young people aged 15 to 24 years not in education, employment or training.³

Youth work services are active in every community in Ireland and reach almost 383,000 young people, in particular young people from the most disadvantaged communities in Ireland. The Indecon Report⁴ found that for every €1 invested in youth work the economic benefit/costs saved by the State in the long run are €2.20. As a result of cuts, youth services have had to cut services, close projects, reduce supports to volunteers and let experienced paid youth workers go. Further cuts will impact most on the services for young people who have borne the brunt of the recession to date.

Generating Revenue-Social Responsibility Levy

In terms of generating revenue, section 4 of the submission outlines an income generating proposal. We propose the introduction of a social responsibility levy on the manufacturers of drinks products as recommended by the National Substance Misuse Strategy steering group⁵ earlier this year. We estimate that a 1% levy on the turnover of drinks manufactures could generate in the region of €25m.

This policy measure, if implemented, would serve two purposes. It would ensure the manufacturers of alcohol product, who gain significantly from alcohol sales, make a greater contribution to reduce alcohol misuse. Furthermore it would help to support measures and actions to prevent and reduce alcohol related harm amongst young people. This funding could also be used to replace sponsorship of sporting and cultural events by the drinks industry.

¹ Department of Children and Youth Affairs submission to Comprehensive Spending Review, November 2011

² Minister Fitzgerald, Parliamentary Questions 444, 445 July 10th 2012

³ Dashboard of EU Youth Indicators, Eurostat

⁴ Assessment of the Economic Value of Youth Work by Indecon Economic Consultants, November 2012

⁵ Steering Group Report on a National Substance Misuse Strategy, Department of Health, February 2012

Summary of Recommendations

In this submission, NYCI outlines what we believe to be priorities for Government action and spending:

1. Supporting Youth Work Services

- Assist the youth work sector to continue to support the 382,000 young people engaged in youth services, in particular the most marginalised young people, with sustained funding.

2. Address Youth Unemployment

- Introduce a Youth Guarantee scheme to support young people who are long term unemployed.

3. Reducing Child Poverty

- Maintain the current rate of Child Benefit for 2012.
- Maintain the real value of the Qualified Child Increase for 2012.

4. Tackling Alcohol Related Harm

- Introduce a 1% social responsibility levy on drinks manufacturers to generate €25m to replace the sponsorship of large sporting and cultural events by the drinks industry and to support other initiatives to reduce alcohol related harm among young people. A Red C poll for NYCI found that 63% of the population aged 18 years or more support the proposal that the alcohol industry should contribute financially to the cost incurred by the state as a result of alcohol consumption.

Subject	1. YOUTH WORK FUNDING
Proposal	Maintain youth work funding at the current levels to assist youth services address the needs of young people, especially those impacted most by the economic recession.
Rationale	<p>Youth organisations in Ireland are uniquely placed to assist children and young people through the current recession and challenging social environment. They are active in almost every community and it is estimated that they reach over 382,000 young people. They are particularly active in supporting young people from economically or socially disadvantaged communities, with 53% of all participants coming from these areas. The track record and credibility of the youth sector is also demonstrated by the high levels of participation by young people here in youth services. Ireland has the highest level of involvement in youth services in the EU with 26% of young people active in a youth club. (European Commission 2011, “Youth on the Move” - Analytical Report of Flash Eurobarometer Number 319a).</p> <p>Children and young people in Ireland have endured increasing levels of poverty, social exclusion and unemployment as a result of the economic downturn. Ireland has the highest number of young people under 18 in the EU15 at a high risk of poverty and has the 4th highest percentage in the EU27 (18.4%) of young people aged 15 to 24 years not in education, employment or training. Youth unemployment as outlined in section 2 of this submission is extremely high, particularly among young people with limited qualifications and long term youth unemployment is growing.</p> <p>A number of studies have confirmed the value of youth work and youth services in addressing poverty and building social cohesion among young people in their communities. A recent report by Indecon Economic Consultants commissioned by NYCI demonstrates that investment in youth work also makes sound economic sense. This report indicates that for every €1 invested in youth work the economic benefit/costs saved by the State are €2.20 in the long run. (Assessment of the Economic Value of Youth Work by Indecon). This study demonstrates that investment in youth work not only supports young people to reach their full potential and become active citizens, it also reduces long terms costs for the state in relation to the health, justice and welfare services for young people. Funding services also leverages significant volunteer time as youth services are supported by over 40,000 volunteers who work with young people.</p> <p>Youth work services have already been cut by 20% since 2008 from €73.1m to €58.3m (sources on page 4). Any further cuts will greatly reduce the capacity of organisations to meet the increasing needs of young people. Not only would further cuts be socially unjust, they would be equally economically unsound given the economic return identified by the Indecon report. We call on the Government to maintain the existing funding levels.</p>
Cost	Maintain funding at current levels-No Cost Implications

Responsibility	Department for Children and Youth Affairs
Subject	2. YOUTH UNEMPLOYMENT
Proposal	➤ Introduction of a youth guarantee scheme to address long term youth unemployment.
Rationale	<p>The levels of youth unemployment have remained stubbornly high despite the fact that a significant number of young people have emigrated in the last three years. The latest live register figures (September 2012) indicate that 73, 698 young people under 25 years are signing on.</p> <p>The most recent census figures (Census 2011) provides further proof of the current crisis indicating that 40% of young people under 25 are unemployed with certain areas such as Limerick City, Donegal and Wexford with even higher levels of youth unemployment. The census figures also demonstrate that young people with no or limited qualifications are more at risk of unemployment, with a 70% and 65% jobless rate respectively among those with primary level and lower secondary level qualifications only, compared to 39% and 18% respectively among those with upper secondary and third level qualifications.</p> <p>The growing levels of long term youth unemployment is particularly worrying, with 26,826 young people unemployed for 12 months or more in June 2012, with 15,735 unemployed for 2 years or more (PQs 385-388 June 12th 2012). It is vital that the Government provide additional resources to support these young people into appropriate and quality education, training and/ or work experience.</p> <p>Seven European Union countries have introduced youth guarantee programmes which provide targeted measures to address the needs of young jobseekers. The programme varies from country to country but in general young jobseekers that are out of work for a defined period are guaranteed an education, training or work experience place.</p> <p>The International Labour Organisation LO (Eurozone Jobs Crisis-Trends and Policy Responses) has undertaken a review of a number of these youth guarantee programmes in Sweden and Finland. The results from both countries were promising with the proportion of young people who found a job at 46% in Sweden and 80% in Finland in 2010. The cost of the programme in Sweden works out at €6,600 per participant.</p> <p>We propose the allocation of €66m to fund supports for 10,000 young people with the focus on supporting young people who have been unemployed for 12 months or more. The costing</p>

	of €66m does not take into account the saving to the exchequer of reduced social welfare payments when young people are placed in employment.
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Cost	(Costing does not factor in savings from reductions in numbers on live register) €66m
Responsibility	Department of Social Protection
Subject	3. REDUCING CHILD POVERTY
Proposal	<ul style="list-style-type: none"> ➤ Enhance Family Income Supplement. ➤ Explore alternative strategies for supporting families in work on a low income such as targeted refundable tax credits.
Rationale	<p>Child poverty has a fundamental influence on a child's life chances. For example, poor children are more likely to have a low birth weight, leave school early and start smoking and drinking at a young age. The longer a child is poor, the greater the impact on the life chances of the child and subsequent deprivation in later life.</p> <p>Child poverty increased again in 2010:</p> <ul style="list-style-type: none"> ➤ 224,000 children - almost a fifth (19.5%) of all children in Ireland were living in households with incomes below the poverty line in 2010. ➤ 42% of these had to go without two or more basic necessities because their parents could not afford to buy them. ➤ 93,000 children, or just over 8%, were living in consistent poverty – which involves both low income and basic deprivation. <p>The Government committed to protecting welfare rates as a key mechanism in preventing poverty in welfare dependent families in its Programme for Government. While Budget 2012 served to protect basic rates, some households with children suffered deep cuts to their incomes as a result of changes in the eligibility criteria for schemes such as Community Employment, and changes to the earnings disregard for the One Parent Family Payment.</p> <p>Families in low paid employment must be supported to prevent already pressurised households from falling into poverty and hardship. This can be done through:</p> <ul style="list-style-type: none"> • Enhancing Family Income Supplement. • Investigating alternative strategies for supporting families in work on a low income, such as targeted refundable tax credits. <p>Pending a decision on the future structure of child income supports, it is critical that Budget 2013 ensures that those living in households dependent on social welfare or low paid employment, suffer no further cuts in the total level of child income support currently received.</p>

Cost	No cost implications
Responsibility	Department of Social Protection

Subject	4. REDUCING ALCOHOL RELATED HARM
Proposal	<ul style="list-style-type: none"> ➤ Introduce a social responsibility levy on drinks manufacturers to generate €25m to replace the sponsorship of large sporting and cultural events by the drinks industry and to support other initiatives to reduce alcohol related harm among young people.
Rationale	<p>Ireland has one of the highest levels of alcohol consumption and binge drinking among young people in Europe. The 2010 Irish Health Behaviour in School-Aged Children Study, found that;</p> <ul style="list-style-type: none"> • Over 50% of young people aged 16 have been drunk and 1 in 5 is a weekly drinker • 27.4% of 14 year olds have been drunk at least once • Up to 43% of 16 year old girls had an alcoholic drink in the last month <p>There is no safe level of alcohol consumption for young people under 18. Those who begin to drink before the age of 15 are four times more likely to develop alcohol dependence at some time in their lives, compared to those who have their first drink at 20 or older (National Substance Misuse Strategy, 2012: 67). Apart from the long term health impact on young people, alcohol consumption also contributes to youth suicide, deliberate self-harm, accidents, road collisions, anti-social behaviour and unplanned pregnancies amongst young people.</p> <p>In its report, the National Substance Misuse Strategy Steering Group (NSMSSG) estimated (on 2007 figures) that alcohol misuse costs the healthcare and justice system almost €2.4bn. While noting the contribution of the drinks industry to general taxation the report proposed the introduction of a social responsibility levy on the sector. The drinks industry generates considerable profits from alcohol sales yet contributes nothing directly to addressing the costs incurred by the state as a result of alcohol related harm.</p> <p>NYCI supports the recommendation of the NSMSSG to phase out sponsorship of large sporting and cultural activities by the drinks industry by 2016. The drinks industry uses this sponsorship to market alcohol products to young people and evidence shows that this causes young people to start drinking earlier and more frequently and to engage in heavier drinking episodes.</p> <p>A 2008 Drinks Industry Group Ireland report found that the annual turnover of the drinks industry manufacturers in 2006 was €2.9bn. While allowing for some downturn in revenues since 2006 and estimating the current turnover at €2.5bn, a 1% social responsibility levy would generate €25m. The chief concern of the sporting and cultural bodies with regard to losing sponsorship of this nature is reduced funding for their activities. NYCI proposes that the revenue from the levy be used to replace the sponsorship of large sporting and cultural events by the drinks industry and support other initiatives to prevent and reduce alcohol related harm among young people. There is also strong public support for such a measure with a Red C poll for NYCI finding that 63% of the population support our view that the alcohol industry should contribute financially to the cost incurred by the state as a result of alcohol consumption.</p>
Revenue raised for the Exchequer	1% levy on turnover €25m

Responsibility	Department of Finance
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