Budget 2011:

"A Very Rocky and Long Road to Recovery"

Post-Budget Analysis

Comhairle Náisiúnta na nÓg

National Youth Council of Ireland

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Budget 2011: NYCI Response

Introduction

After much speculation over the recent weeks, we are finally presented with the contents of a draconian and regressive Budget. Budget 2011 was always going to inflict pain but for some there was more pain than for others. The most vulnerable in society will bear the brunt of this Budget's savagery and the consequences of the economic cuts will leave a lasting legacy for generations to come.

NYCI have analysed and assessed the provisions contained in Budget 2011 against the 6 key areas included in *Protecting our Future*, NYCI's Pre-Budget submission:

Youth Work Funding

- Assist the youth work sector to support the most vulnerable and marginalised young people through the recession by maintaining funding at existing levels.

Education, Training & Activation Measures

- Increase the number of free part-time college places to 10,000 places.
- Evaluate the Work Placement Programme by end 2010 and if proven successful; expand the programme to at least 10,000 places.
- Reform and expand the Local Training Initiative.

Youth Unemployment

- Increase the number of public employment staff either by recruiting more employment officers or by re-assigning staff from other duties in the public service to work directly with job seekers.

- Increase the budget of the Technical Employment Support Grant Scheme by €20m.

Reducing Child Poverty

- Reform Family Income Supplement to reduce child poverty.

Promoting Positive Mental Health

- Restore the Budget of the National Office of Suicide Prevention to 2008 levels.
- Support training and awareness raising and provide information for young people in positive mental health and suicide prevention.

Reducing Alcohol Related Harm

- Ensure the Liquor Licence fees for off-trade is in line with the on-trade.

NYCI Analysis & General Commentary

Minister Lenihan stated in his Budget speech that the cost savings provided for in Budget 2011 were a "substantial down payment" on the country's journey back to economic health. The sentiments expressed echoed his assertions in the previous budget that we were 'turning a corner' and inspire little confidence moving forward.

Our analysis of the savage cuts the Government presides over is that Budget 2011 represents an unfair reduction in public expenditure with the imposition of devastating cuts in a most disproportionate and inequitable manner.

The voluntary youth sector has already endured 10% cuts in the youth service grant scheme since 2008 and this further cut of 7% will further diminish and damage the work being done. At a time when demand for youth work services is increasing the Government is reducing funding to the sector which provides essential services and supports to young people throughout the country.

The impact of the budgetary cuts will have devastating consequences for many children and young people especially those living in low income families.

Of particular concern are the cuts to social welfare payments especially to Job Seeker's Allowance and Child Benefit and the cuts to the Youth Work Sector.

We are disappointed with the announcements in relation to work experience places for young people. While any increase is welcome, the scale of the measures announced is far below what is required.

The cuts to supports for those on FAS and VTOS courses and the introduction of a €200 charge for those taking up Post Leaving Certificate courses will only drive young people, especially those on low incomes, out of the education and training system and into either poverty or emigration.

The introduction of the universal social charge on all incomes to replace the income and health levies is concerning and will place many young people on low incomes in a very precarious position.

There is little in the way of real investment in job creation and instead all that is offered are cuts to youth services and supports that might keep young people in education or training.

Overall this Budget protects the rich and persecutes the poor. The measures employed will leave many young people with little option but to leave the country in search of better opportunities. There is no stimulus provided for economic growth and consequentially Ireland's road to recovery will be long and rocky.

Summary of Budget Measures

Youth Work Funding ☹

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

Unfortunately, Government moved to reduce youth work funding by a further 7% - see Appendix A for breakdown.

Such a cut will have a devastating impact on the youth sector and on the young people dependant on youth services.

Education, Training & Activation Measures ☹

In our Pre-Budget Submission, NYCI sought Government to increase the number of free part-time college places to 10,000 places, and expand the Work Placement Programme by end 2010 to at least 10,000 places. It also sought reform and expansion of the Local Training Initiative.

The provision for young people in need of education, training and activation in this year's Budget is far from adequate.

While we welcome the commitment to increase the Work Placement Programme to provide an extra 5, 000 places, the scale of the measures announced is inadequate to meet the demand. We are also concerned about the announcement of 5,000 places in the skills

development and internship programme which is dependent on private sector employers.

The cuts to supports for those on FAS and VTOS courses and the introduction of a €200 charge for those taking up Post Leaving Certificate courses will only drive young people especially those on low incomes out of the education and training system and into either poverty or emigration.

Youth Unemployment ☹

In Budget 2011 the allocation to FÁS for training the unemployed has been decreased by €43 million or approximately 15%. This will result in an equivalent reduction of 15,410 training places that FÁS can deliver for the unemployed next year. This implies that FÁS will deliver approximately 100,000 training places next year as opposed to the 115,000 they are delivering this year.

Again this is an inadequate and disappointing provision given the grave and growing problem of youth unemployment.

Reducing Child Poverty ☹

In 2008, 6.3% of children continued to live in consistent poverty in Ireland. This amounts to 65,270 children. 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.

Budget 2011 cut Child Benefit by €10 for the first two children and €20 for the third and €10 for any subsequent children.

At a time of economic recession when families with children are struggling to make ends meet, a cut in Child Benefit will leave many families, especially those on low incomes, in a very difficult position.

Promoting Positive Mental Health ☺

NYCI welcomes the additional €1m which has been provided in Budget 2011 for suicide prevention. This funding will enable the National Office for Suicide Prevention (NOSP) to build on initiatives to date and bring added momentum and new impetus to their activities to address the increasing incidence of suicide. The following areas will be targeted:

- develop the number and range of training and awareness programmes;
- improve and standardise the response to deliberate self harm;
- develop the capacity of primary care to respond to suicidal behaviour and consider new models of response;
- ensure that helpline supports for those in emotional distress are coordinated and widely publicised.

Reducing Alcohol Related Harm 😐

In our Pre-Budget Submission NYCI recommended that all retailers of alcohol (both the on-trade and off-trade sectors) should pay

excise duty on the basis of the volume of alcohol sold in recognition of the fact that alcohol is not an ordinary commodity. Furthermore we argued that retailers in the off trade should make a greater contribution to the social costs of alcohol misuse.

Unfortunately Government failed to address this issue in Budget 2011 but instead committed to reviewing the excise duty paid between on-trade and off-trade in liquor license sector.

Other Budgetary Measures of Interest ☹

- Reduction of €6 to €144 in jobseeker allowance to recipients aged 22-24 years.
- The introduction of a universal Social charge which will disproportionately affect those on low incomes who formerly never paid tax.
- The phasing out of rent relief phased over 8 years.
- The introduction of a new charge of €200 for PLC courses.
- A €2000 higher education student contribution.
- A cut of €8 in all weekly training allowances.
- A cut of the long term unemployment bonus for those on VTOS by €11.80 to €20 a week.
- A reduction of 4% in student support scheme.
- A reduction of €35m in overseas aid budget.
- A reduction in the current funding to youth justice service from €43m to €38.8m.
- A reduction of 5% in the Arts Council budget.
- A reduction of 22% in the budget of Office of Minister for Integration from €5.35m to €4.17m.
- A 2% cut in budget of NEWB.
- An 18% cut in the budget of NEPS from €22.4m to €18.3m.

- A budget allocation of €3m for the children's referendum.
- A marginal cut in current spending in the Drugs initiative funding from €33.2m to €32.8m.
- The introduction of a school transport charge of €50 for those attending primary school.
- An increase of €50 in the post primary transport charge to €350.
- 5% reduction in capitation grants for Youthreach, adult literacy, School Completion Programme, and community education.
- An increase in DIRT tax on savings by 2% to 27%.
- Changes to Stamp Duty – These changes mean that First Time Buyers are no longer exempt from paying stamp duty and everyone is subject to paying a low rate of 1% up to €1,000,000.

Conclusion

In our Pre-Budget 2011 Submission, NYCI urged the Government to deliver on a number of priority issues that affect the lives of young people in Ireland.

The key policy areas we identified that required sustained investment were youth work, investment in education, training and activation measures, addressing youth unemployment, reducing child poverty, promoting positive mental health and reducing alcohol related harm.

In the main our analysis of Budget 2011, however, is that Government have not made the right decisions and where budgetary cuts have been made they have overwhelmingly affected the most marginalised and vulnerable in our society. Budget 2011 has not provided for children and young people. In the Budget, Government failed to provide adequate investment for children and young people living in low income families by cutting Child Benefit and substantially reducing spending in education areas. Such cuts will place many young people in a precarious position and will make it extremely difficult for them to survive on welfare or access education and training or employment.

The pain has not been administered fairly across society. The young are one of the hardest groups affected in this Budget. Budget 2011 has diminished opportunities for young people leaving them very few options. Repeating the mistakes from the 1980's will ensure history repeats itself.

The impact of this Budget will have lasting repercussions for many young people and their families. It will leave a legacy of emigration and resentment by many for a country which rather than treasuring its youth at a time of crisis, overlooked them.

Appendix A

The allocation to the Youth Affairs budget within the Office of the Minister for Children and Youth Affairs is as follows: -

Budget Line	2010Allocation 000	2011Allocation 000	% +/-
OMCYA Youth Affairs Grant in aid for General Expenses of Youth Organisations (inc YSGS, SPY etc)	38,600	35,836	**-7%**
OMCYA Youth Affairs Grant in Aid for General Expenses of Youth Organisations – non lottery (inc YPFSF, also this increase relates to the transfer of a budget line from the Department of Education	8,000	8,756	**+9%**
Department of Justice Irish Youth Justice Service (Current Expenditure)	43,419	38,841	**-11%**
Department of Community, Equality and	36,182	33,790	**-7%**

Gaeltacht Affairs Tackling Problem Drug Use (Current and Capital Spending, most of cut relates to €2m cut in capital budget)			

It should be noted that these are the allocations to the overall budget lines. We will endeavour to seek clarification as soon as possible on the implications of these allocations to the various grant schemes; however it is unlikely that we will know the full details until January at the earliest.

The Director General of the Office of the Minister for Children and Youth Affairs, Mary Doyle gave a commitment at the NYCI AGM on Saturday, November 27th to ensure that organisations get information relating to grant allocations as early as possible in the New Year, and we will be following up with the Office to discuss the implications of the allocations at the earliest opportunity.