



Budget 2012:

“Unfair and Austere”

Post-Budget Analysis

**Comhairle Náisiúnta na
nÓg**

National Youth Council of Ireland

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Budget 2012: NYCI Response

Introduction

Budget 2012 offers little for children and young people. Many of the budgetary measures were harsh and draconian and targeted some of the most vulnerable in Irish society.

Budget 2012 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 2012 against the 5 key areas included in *Real Needs & Essential Services*, 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 increasing funding by €3m.

Education, Training and Activation Measures.

- Increase the number of places on Youthreach by 500.

Youth Unemployment

- Increase the number of Employment Support Officers.
- Increase scrutiny, monitoring and evaluation of JobBridge.

Child Poverty

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

Reducing Alcohol Related Harm

- Reform excise licence duty so off-trade alcohol retailers pay duty based on sales like on-trade rather than at a flat rate. We estimate this would raise €3m for the exchequer.

NYCI Analysis & General Commentary

Overall Budget 2012 represents an unfair reduction in public expenditure with the imposition of devastating cuts in a most disproportionate and inequitable manner.

Although we expected this budget to be a difficult one given the economic context, the impact of the budgetary cuts announced over the last two days will have devastating consequences for many children and young people especially those living in low income families.

We are also extremely concerned at the probability of further cuts in funding to youth work. The information from Government on the extent of the cut and how it will be administered is not yet clear and we are seeking further clarification on this. Youth services, however, have incurred cuts of up to 20% in the last 3 years and any further cuts will devastate the services provided by voluntary youth organisations around the country.

Of particular concern are the cuts made to education and training for young people. A budget which was supposed to focus on getting Ireland working again has failed to live up to this objective. It lacks imagination and does not invest enough in activation measures to support those out of work.

Access to education and training has been thwarted for many young people as a result of some of the cuts made in this Budget. Rather than supporting young people to access and participate in education and training, Government opted to reduce allowances to 16 and 17

year olds in Youthreach and FAS schemes to just €40 per week from €76 and €95 respectively.

Furthermore, cuts were made to the Back to School Allowance from €305 to €250 for secondary students and from €200 to €150 for primary students will create hardship for many families.

A 40% cut in Back to Education Allowance from €500 to €300, as well as the cuts to guidance services will further alienate many young people who require education, training and advise.

Perhaps one of most cruel cuts is the cut to the disability allowance to young people aged 18-24 with disabilities. This cut represents a significant loss of income for a very vulnerable group in society. This cut in Disability Allowance amounts to a reduction of €88 for young people with disabilities aged 18-21 and by €44 for those aged 22-24 in income support¹.

While we welcomed the move to exempt 330,000 low paid workers from paying the universal social charge by raising the threshold to €10, 036 from €4,004, the cuts made to Child Benefit will be extremely difficult for many low income earning families with more than 2 children.

We acknowledge the €20 million committed to for a new Labour Market Activation Fund, intended to deliver up to 6,500 places next year. We also welcome the €10 million being allocated to further roll out the Springboard initiative to increase the part-time higher education opportunities for unemployed people. Given the huge demand by a growing number of young unemployed people for

¹ It was announced today that the measure to cut the disability allowance for young people has been "paused" pending a review by the chairperson of the Commission on Social Welfare and Taxation.

activation, however, much more is required. Government does not go far enough to respond to the needs of young jobseekers. 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 is regressive and while it affects everyone society – will disproportional affect many low income vulnerable sections of society more than the middle to higher income groups.

The measures employed will leave many young people with little option but to leave the country in search of better opportunities.

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 increasing funding by €3m.

The Minister announced the following:

- There will be 5% saving on other youth funding schemes with further reductions under the Youth Service Grant Scheme applying to national youth organisation headquarters.
- The capital budget for 2012 will include €1.5m for youth projects, a significant increase from €0.8m in 2011. This will support the further development of youth cafés which is a priority for the Minister and Government.
- There will be no reduction to voluntary local youth work grants given the particular importance the Minister attaches to supporting community-based voluntary activity in the youth work sector.

We are extremely concerned at further cuts to youth work services, especially given the 20% cuts in the last 3 years. NYCI will campaign vigorously to minimise the impact on frontline services.

We welcome the maintenance of supports for local voluntary youth work grants, however, we are not convinced that it makes sense to double capital provision for youth cafe (requiring current expenditure on an ongoing basis) while at the same time cutting spending in another area.

Education, Training & Activation Measures ☹️

In our Pre-Budget Submission, NYCI sought Government to increase the number of places on Youthreach by 500.

The provision for young people in need of education, training and activation in this year's Budget is inadequate and extremely piecemeal. We are extremely disappointed by the decision to reduce allowances to 16 and 17 year olds in Youthreach and FAS schemes to just €40 per week from €76 and €95 respectively. Such a measure will have a devastating impact for many young people. This measure will drive many young people out of these schemes.

We welcome the extra €10 million for the Springboard initiative to increase the part-time higher education opportunities for unemployed people. This response while welcome, remains inadequate to meet the significant demand.

Youth Unemployment ☹️

To address the youth unemployment problem in a strategic and effective manner, NYCI highlighted to Government the need to increase the number of Employment Support Officers and to increase the level of scrutiny, monitoring and evaluation of Job Bridge.

We welcome the commitment to allocate €20 million to establish a new Labour Market Activation Fund, intended to deliver up to 6,500 places next year. However, given the grave and growing problem of youth unemployment, this response is far from adequate to meet the ever growing need.

Reducing Child Poverty ☹️

To eliminate child poverty it is essential that there is a combination of child and adult income supports and access to quality public services. In its Pre-Budget Submission, NYCI called on Government to ensure that any changes to the social welfare system are both child and poverty proofed before implementation to ensure that children are not adversely affected by any change. Furthermore investment in quality public services must continue.

Furthermore NYCI called on Government to maintain the current rate of Child Benefit for 2012, and to maintain the real value of the Qualified Child Increase for 2012.

Budget 2012 cut Child Benefit for the third, fourth and subsequent children from between €167 and €177 to €140.

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.

Reducing Alcohol Related Harm 😊

In our Pre-Budget Submission, NYCI recommended off-trade retailers pay an excise licence based on sales like on-trade rather than at a flat rate and the monies accrued from this licence purchase be used to contribute to addressing alcohol related harm particularly among young people.

Unfortunately Government failed to address this issue in Budget 2011 but instead committed to legislating to address low cost selling of alcohol in the New Year. The introduction of minimum pricing, if it is introduced would be significant and would help address the problem of below cost selling of alcohol, which in turn contributes greatly to alcohol related harm. Restricting price and availability of alcohol is one of the most effective measures to reduce alcohol related harm and NYCI has consistently advocated for this policy measure to be adopted.

Other Budgetary Measures of Interest

- Universal Social Charge exemption on annual income up to €10,035 (up from €4,004).
- Registration fees for third level students increased by €250 to €2,250.
- Reducing the Back to School and Footwear Allowance from €305 to €250 for secondary students and from €200 to €150 for primary students.
- Maintenance grants for new postgraduates students abolished.
- Minimum contribution to rent or mortgage interest supplement increased by €312 a year for a single person, €624 for a couple.
- Charge for primary school transport doubled to €100.
- Charge of €100 Household Charge to be introduced from 1st January 2012.
- Cigarettes pack of 20 up by 25 c.
- Interest relief for 2004 – 2008 first-time buyers up to 30%.
- First-time buyers in 2012 to get interest relief of 25% with other buyers getting 15%.
- Petrol up 1.4c a litre, Diesel up by 1.6c as Carbon Tax rises to €20/tonne.
- Motor tax rising in January 2012 with smaller CO₂ efficient cars hit hardest.
- Capital Gains Tax up by 5%
- DIRT on bank savings up to 30% from 27%

Conclusion

In our Pre-Budget 2012 Submission, NYCI urged the Government to deliver on a number of priority issues that affect the lives of children and 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, and reducing alcohol related harm.

In the main our analysis of Budget 2012, 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 2012 has not provided adequately 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 for the third, fourth and subsequent child and by 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 2012 has diminished opportunities for young people leaving them very few options.

The impact of this Budget will have lasting repercussions for many young people and their families.

