



Budget 2013:

“Further Cuts and More Austerity”

Post-Budget Analysis

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National Youth Council of Ireland**

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Budget 2013: NYCI Response

Introduction

Budget 2013 offers little support for children and young people. Many of the budgetary measures were harsh and draconian and will affect some of the most vulnerable in Irish society.

This year's budget inflicted pain on everyone but regrettably those who can least afford to shoulder the burden of further budgetary cuts will suffer the most.

Minister Noonan's statement of reassurance that "*we are now well on the road to recovery*" is little comfort to many children and young people living in low income families or to the many front-line youth services facing the prospect of further closures in 2013 as a result of Budget 2013. Indeed the Minister's advice about looking to the future with confidence, although well intended, is hard to reconcile when one considers the many young jobseekers in Ireland that are facing the prospect of emigration in 2013.

Undoubtedly the most vulnerable in society will bear the brunt of this Budget's cuts which are inequitable and regressive.

NYCI have analysed and assessed the provisions contained in Budget 2013 against the 4 key areas included in *Back the Future*, NYCI's Pre-Budget submission:

Supporting Youth Services

- Maintain youth work funding at the current levels to assist youth services to address the need of young people, especially those impacted most by the economic recession

Address Youth Unemployment

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

Reduce Child Poverty

- Maintain the current rate of Child Benefit for 2013.
- Maintain the real value of the Qualified Child Increase for 2013.

Tackle Alcohol Related Harm

- 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 amongst young people.

NYCI Analysis & General Commentary

Overall Budget 2013 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 2013 budgetary cuts will have devastating consequences for many children and young people especially those living in low income families.

We are also extremely concerned at the further cut of €5.4m for funding to youth work which represents 33% of the total €16m reduction in the DCYA Budget for 2013. Given youth work funding only represented 14% of the total budget in 2012, the projected cuts for 2013 appear to be disproportionate. The impact of these cuts, if implemented, will be devastating for youth services and the young people they support.

A budget which was supposed to be focused on getting Ireland working again has failed to live up to this objective. Of particular concern are the cuts made to supports for young jobseekers. Budget 2013 does not invest enough in education and training measures to support those out of work.

Rather than supporting young people to access and participate in education, employment and training, Government opted to abolish the €300 annual Cost of Education Allowance which will exacerbate the plight of those young people already struggling to stay in education or training.

While we welcome the increase in the number of JobBridge places by 2,500, the €48m announced for further education and training is a continuation of schemes already in place or a confirmation of announcements already made. Given the scale of the crisis, the proposals are inadequate to respond to the growing demand.

Furthermore we are also concerned that the cuts in supports to those who switch from social welfare to education and training programmes run by VTOS, Youthreach and FAS will make it much harder for those with limited means to access further education.

Given the huge demand by a growing number of young unemployed people for education and training, Budget 2013 is limited in scope and fails to provide for the needs of young jobseekers.

The cuts made to Child Benefit without compensating low income households is unfair and places many low income families in a very precarious situation. We welcome the announcement in Budget 2013 to invest an additional €2 million to the School Meals Programme and to allocate €2.5 million in funding to the Department of Children and Youth Affairs for its Area Based Child Poverty Initiative. We are extremely concerned, however, by the decision to once again cut Back to School Allowance by a further €50 from €250 to €200 for secondary students and from €150 to €100 for primary students - creating further hardship for many families.

The increase in excise duty on alcohol is a positive step and will serve to reduce the availability of cheap alcohol and provide additional revenue to offset the €3.7bn cost to the state of alcohol misuse. We are disappointed, however, that Government failed to introduce a social responsibility levy on the drinks manufacturers.

We believe that drinks industry multinationals that profit substantially from alcohol sales should be made to contribute to the cost of reducing alcohol related harm.

Overall this Budget is regressive and disproportionately affects many children and young people living in low incomes families, vulnerable sections of society and middle income families more than those in higher income groups.

Summary of Budget Measures

Supporting Youth Work Services ☹️

NYCI have continuously campaigned for Government to support youth work services throughout the recession to continue to respond to the needs of young people in particular the needs of most vulnerable and marginalised young people. Our Pre-Budget submission 2013 called on Government to maintain youth work funding at the current levels.

The Minister announced the following:

- €5.4m cut in funding for youth programmes – leaving a budget of €51.4m in 2013.
- The streamlining of five separate funding streams. From January 2013, 470 projects will receive one funding stream. The Department's rationale for this streamlining is to allow more flexibility in setting priorities, managing savings and reconfiguring service provision.
- A formal value for money review in Jan 2013 which is expected to report by mid 2013.
- €18m transferred from Department of Justice for youth justice projects to Department of Children and Youth Affairs.
- No cut to funding for local voluntary youth clubs.

A further cut of €5.4m cut for funding to youth work represents 33% of the total €16m reduction in the DCYA Budget for 2013. Given youth work funding only represented 14% of the total budget in 2012, the projected cuts for 2013 appear to be disproportionate.

The impact of these cuts, if implemented, will be devastating for youth work services and the young people they support.

The impact of the cut in funding will jeopardise frontline supports and projects for young people, especially those hit hardest by the recession. At a time when 37% of young people under 18 years are at risk of poverty and social exclusion - the highest in the EU15 - the State should be investing in services to support young people.

The recent Indecon economic assessment of the value of youth work provides clear and robust evidence that investment in youth work makes economic sense. The research confirms that for every €1 the state invests in youth work it saves €2.2 in the long run. The cuts in Budget 2013 to youth work do not make economic sense. Cutting youth work funding will cost the State more in the long-term in terms of supporting young people particularly the most vulnerable in our society.

Addressing Youth Unemployment ☹️

To address the youth unemployment problem in a strategic and effective manner, NYCI highlighted the need for Government to introduce and invest in a youth guarantee scheme to address the problem of long-term unemployment.

Ireland has the fourth highest percentage of young people (15-24) not in education, employment or training ('NEET'). 18.4% of young people in 2011 were not in education, employment or training compared to EU average of 12.9%.

The provision for young people in need of education, employment or training in this year's Budget is inadequate. In our Pre-Budget submission, we proposed the allocation of €66m to fund supports such as a youth guarantee scheme for 10,000 young people with the focus on supporting young people who have been unemployed for 12 months or more. The estimated cost of establishing a scheme of this nature (€66m) does not take into account the savings to the exchequer of reduced social welfare payments when young people are placed in employment.

We are extremely disappointed by the decision to cut supports to those who switch from social welfare to education and training programmes run by VTOS, Youthreach and FAS. Such a step will make it much harder for those with limited means to access further education. Furthermore we are extremely disappointed that Government moved to abolish the €300 annual Cost of Education Allowance which many recipients rely on to stay in education and

training to encourage jobseekers to up skill and enhance their qualifications.

These regressive measures will have a devastating impact for many young people and will result in many young people being unable to remain on these schemes.

We welcome the commitment to allocate €11m in 2013 and €26m in a full year to increase the number of placements available in 'labour market activation schemes' such as JobBridge, Tús and Community Employment by 10,000. The €48m announced for further education and training is a continuation of schemes already in place or a confirmation of announcements already made.

Given the grave and growing problem of youth unemployment, however, 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 families in low paid employment are supported to prevent already pressurised households from falling into poverty and hardship. Our submission outlined an approach to achieve this objective by:

- Enhancing Family Income Supplement.
- Investigating alternative strategies for supporting families in work on a low income, such as targeted refundable tax credits.

Pending a decision on the future structure of child income supports, we argued for the need to ensure 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.

Furthermore NYCI called on Government to maintain the current rate of Child Benefit for 2013, and to maintain the real value of the Qualified Child Increase for 2013.

Budget 2013 cut Child Benefit by €10 per month for the 1st and 2nd child, €18 for the 3rd child and €20 for subsequent children. NYCI is strongly opposed to a straight cut of Child Benefit without compensating low income households. 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.

Tackling Alcohol Related Harm 😊

In our Pre-Budget Submission, NYCI recommended the introduction of a social responsibility levy on drinks manufacturers to generate €25m. The revenue accrued from the introduction of the levy should be used to replace the money from drinks industry sponsorship of large sporting and cultural events and to support other initiatives to reduce alcohol related harm amongst young people.

Budget 2013 increased excise duty on a pint of beer or cider and a standard measure of spirits is being increased by 10c (including VAT): the study on a 75cl bottle of wine is being increased by €1 (including VAT), with pro-rata increases on other products.

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.

We welcome the increase in excise duty on alcohol, which will serve to reduce the availability of cheap alcohol and provide additional revenue to offset the €3.7bn cost to the state of alcohol misuse. We are disappointed, however, that Government failed to introduce a social responsibility levy on the drinks manufacturers. We believe that drinks industry multinationals that profit substantially from alcohol sales should be made to contribute more to address alcohol related harm.

Other Budgetary Measures of Interest

- Workers who earn more than €18000 will pay PRSI on an extra €127 per week at a rate of 4 per cent per year which is the equivalent of €264 per year.
- Introduction of a new property tax: 0.18 per cent will be applied to homes valued from €100,000 to €1million when charge increases to 0.25 per cent. New homes bought in the next three years will be exempt until the end of 2016.
- Any property bought between now and the end of 2013 will be relieved from Capital Gains Tax if held for at least seven years.
- Maternity Benefit will be taxable from July 2013 - costing mothers an average of €800.
- 10c rise on spirits, beer and cider while duty on wine is up by €110c rise on a pack of 20 cigarettes.
- Motor tax hike from Jan 1st 2013 – with some pre-2008 cars to be levied an extra €126 a year.
- No change in excise on petrol and diesel.
- Drug payment scheme threshold rises to €144 per month.
- Primary weekly rate of social welfare payment will not be reduced.
- Duration of Jobseeker's Benefit to be reduced by three months to save €33m in 2013 and €82m in a full year.
- Student contribution in higher education will be increased by €250 in each of the years 2013, 2014, 2015.
- Prescription charge for medical card holders to be increased from €0.50 to €1.50 per item.

- Prescription charge for medical card holders to be increased and monthly cap for a family is being increased from €10 to €19.50.
- €11m in 2013 and €26m in a full year given to increase number of placements available in 'labour market activation schemes'.
- An additional €2 million will be allocated to the School Meals Programme. This programme aims to provide regular, nutritious food to disadvantaged children.
- €2.5 million in funding will be allocated to the Department of Children and Youth Affairs for its Area Based Child Poverty Initiative.
- DIRT on bank savings up to 33% from 30%.

Conclusion

In our Pre-Budget 2013 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 maintaining youth work funding level at the current level, the introduction of a youth guarantee scheme to prevent the onset of long-term unemployment, reduce child poverty, and reduce alcohol related harm amongst young people.

In the main our analysis of Budget 2013, 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 2013 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 by €10 and by 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 2013 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.