

**The Vincentian Partnership for Social Justice
2015 Pre-Budget Submission**



June and July are months in which many begin their holidays or enjoy the anticipation of a well-deserved summer break. These months are also seen as very significant for the preparation for Budget 2015. Pre-Budget submissions, meetings and the annual Pre-Budget Forum in Dublin Castle are seen as opportunities to influence policy and decision makers.

Groups such as the SVP, Social Justice Ireland, Age Action, Barnardos, the National Women's Council, and the VPSJ use every possible opportunity to draw attention to the needs of people who are suffering the most because of the continuing recession.

The threats of further cutbacks to Social Welfare payments, pensions and programmes cause enormous anxiety for people who struggle to exist in the current economic climate. A budget for 2015, which will impose further reductions, must be avoided.

During the next few months, the Government will make choices that will determine the well-being of the most vulnerable people in Ireland. Budget 2015 will either ease the burden or increase it for 750,000 people living in poverty (including 200,000 children), and the 225,000 (approx.) people on Local Authority waiting lists for housing, the 258,000 people who are unemployed as well as the many more on waiting lists for health care, childcare and educational services, etc.



The Vincentian Partnership for Social Justice consists of

The Society of St. Vincent de Paul, The Vincentian Congregation, The Daughters of Charity and The Sisters of the Holy Faith.
Working for social and economic change, tackling poverty and social exclusion

Pre Budget Submission

June 2014

This edition of Just.Now focuses on the VPSJ Pre Budget Submission. It outlines the Partnerships' recommendations to the Department of Social Protection and the background to these recommendations. For the most part, the submission concentrates on the facts and figures related to the work on the cost of a *Minimum Essential Standard of Living*. The VPSJ recognises the highly significant role of Social Welfare payments in reducing the incidence of poverty. Without Social Welfare payments, Ireland's poverty rates in 2012 would have been 50.3%. From its own experience in working with people living in poverty and in union with other agencies committed to the reduction of poverty, the VPSJ strongly urges that 2015 would not contain further cuts to areas of public expenditure, which concern the well-being of people who are carrying the brunt of austerity measures.

INTRODUCTION

In April of each year, the VPSJ examines the average change in prices in the previous twelve months. While inflation rose by an average of 0.2% from March 2013 to March 2014, the increase in the inflation rate for the items which are required for a minimum essential standard of living, rose by an average of 0.32%. The inflation rate for a wide range of items, including items which would not be regarded as essential, is lower than that for the more narrow range of essential items, such as food, clothing, personal care, household goods and services. As a result, households on a low income, which can only afford to buy a limited number of essential items, pay a higher rate of inflation than households with a higher income which can afford to buy luxury items as well as those which are essential.

INFLATION RATE AND FAMILIES WITH LOW INCOME

- From March 2013 to March 2014 the average change in prices has been marginal, with the overall inflation rate being 0.2%. However, the core cost of a Minimum Essential Standard of Living (MESL) increased by an average of 0.32% from March 2013 to March 2014.

SOCIAL WELFARE PAYMENT AND FAMILIES WITH CHILDREN

- The research demonstrates that in 2014 social welfare cannot meet the cost of a Minimum Essential Standard of Living (MESL) for 199 of the 213 urban sample household types examined in the research, e.g., households with adolescent children, pensioners living alone and single adults of working age who live alone.
- Child income supports include Child Benefit, Qualified Child Increase, Back to School Clothing and Footwear Allowance. These income supports do not meet the cost of a baby, a primary school child and the child at secondary school.
- The high cost of private childcare and private rented accommodation substantially impact on the cost of a MESL and the subsequent income required for this standard of living.



SOCIAL WELFARE PAYMENTS AND PENSIONER LIVING ALONE



- The pensioner who lives alone and who often has living expenses similar to those of a pensioner couple is entitled only to a state pension and a Living Alone Allowance of 7.70 euro a week. This allowance has not been increased since 1996. The pensioner who lives alone cannot make ends meet when dependent on Social Welfare payments as the only source of income. When a pensioner does not have the income required to meet the basic cost of living, he/she has no choice but to cut back on essentials, such as food and heating.
- Households dependent on long term Social Welfare Transfers as their only source of income (e.g. state pensioner households) are eligible for a Fuel Allowance. However, in 2012 this allowance was cut to 20 euro per week for 26 weeks. In 2014, the Fuel Allowance should be paid at a rate of €25 per week for 32 weeks in the year, to have an annual value of €800. This would maintain the Fuel Allowance at its 2009 purchasing power.

CUMULATIVE EFFECT OF REDUCTIONS IN SOCIAL WELFARE PAYMENTS

- The cumulative effect of reductions in social welfare supports has meant that social welfare dependent households have experienced a drop in income of between 5% and 8% from 2008-2014.

Recommendations

- *Increase the Qualified Child Increase (QCI) for those aged 13-18 from €29.80 to €36.00. Raising the rate of this payment by €6.20 per week would increase the proportion of costs met by child income supports for children in second level education from 50% to 55%.*
- *Increase the Jobseekers Payment/One Parent Family Payment by 4.25% from €188 to €196.00. This would bring the payment back up to the level it was at in 2010.*
- *For the Living Alone Allowance to have the same value in 2014 as it did in 1996, it should now be paid at a rate of €11.50 per week.*
- *In 2014, the Fuel Allowance should be paid at a rate of €25 per week for 32 weeks in the year, to have an annual value of €800. This would maintain the Fuel Allowance at its 2009 purchasing power.*
- *Address the issue of the high cost of private rented accommodation and the inadequacy of Rent Supplement*
- *Address the issue of childcare by beginning the process of extending the ECCE scheme from infancy to school going years. This is crucial in order to remove the cost of childcare as a barrier to work.*



Reflection and Prayer

“Whatever the world might think, every person, no matter how poor, has the same potential for love, the same ability to love and be loved. There is no reason to think that only some people are capable of entering the world of relationships and creativity, while others should be banished from it.”

Joseph Wresinski – June 1972

“As long as there is poverty in the world, I can never be rich,
even if I have a billion dollars.
I can never be what I ought to be
Until you are as you ought to be.
This is the way our world is made.
No nation or individual can stand alone
Boasting of being independent.
We are all interdependent.”

Martin Luther King

“The social message of the Gospel is and always has been a basis for action.”

John Paul II, *Centesimus Annus*

“To desire the common good and strive towards it is a requirement of justice and charity.”

Caritas in Veritate (7)

“Progress that leaves the poorest behind is not to be considered progress at all.”

Peter Adamson – New Internationalist march 2013

PRAYER FOR SOLIDARITY WITH PEOPLE TRAPPED IN POVERTY

Compassionate and loving God,
We praise you for the many gifts you provide us.
May we be mindful of those who go without, each and every day.
Help us to provide the resources needed for our brothers and sisters
burdened by the suffering caused by poverty and social exclusion.
Let our work this day be a reminder of our interconnectedness with all your beloved children.
Open our eyes to see the needs of this community.
Cleanse our ears to hear the cries of the people who struggle to simply exist.
Anoint our hands and feet to be instruments in fulfilling your justice.
We ask this through you Son, Jesus Christ.

Amen.

Angie Appleby Purcell

