Budget 2021:

Society of St. Vincent de Paul Analysis

Tricia Keilthy

Society St. Vincent de Paul (SVP)

Society of St. Vincent de Paul

CONTEXT BUDGET 2021

- **Pre-COVID = 680,000 people living below the poverty line, including 200,000 children (2018 data). 270,000 living in consistent poverty.**

- **Fall in consistent poverty 2014-2018 but enforced deprivation increased from 15.1% to 17.8% between 2018 and 2019 – biggest increase among renters.**

- **Over 80,000 request for assistance to SVP so far this year – call up 15% in September compared to September 2019.**

- **COVID-19 disproportionately impacting those on low incomes.**

Society of St. Vincent de Paul

ASSESSING THE IMPACT OF THE BUDGET: SVP PERSPECTIVE

1. **Will the Budget reduce poverty and inequality?**
2. **Will the Budget improve the lives and living standards of people living in poverty?**
3. **Will the Budget provide investment in key services that will support people to move out of poverty for good?**

Society of St. Vincent de Paul

Q1: WILL THE BUDGET REDUCE POVERTY AND INEQUALITY?

- COVID-19 income supports will prevent a dramatic increases in poverty (ESRI, 2020)
  - Policy decision after March 2021 key: Level and targeting of payment
  - Mechanism to deal with household debt arising from the pandemic

- Budget 2021: available resources focused on lowest incomes through
  - Increase in Living Alone Allowance (+€5)
  - Increase in Qualified Child Payment (+€2 under 12 & +€5 over 12)
  - Fuel Allowance (+€3.50)
  - Working Family Payment (€10 thresholds for households with up to three children)
  - One Parent Family Payment Earning Cliff removed

- Core social welfare rates remain unchanged at €203 for second year in a row.

- Wages & median Incomes ↑ faster than lowest incomes = ↑ at risk of poverty rate

Society of St. Vincent de Paul

Q2: WILL THE BUDGET IMPROVE THE LIVING STANDARDS OF PEOPLE ON LOW INCOMES?

- **Social transfers reduce at risk of poverty rate from 40% to 14% (2018 data).**

- **Most working age payments are set at a level that is below what is required to meet a minimum standard of living (VPSJ, 2020). Deepest levels of inadequacy for households headed by a single adult and households with teenagers.**

- **Headline HICP is forecast at 0.4 per cent, with 'core' inflation projected at 0.2 per cent (Dept. Finance 2020)**

- **"Poverty inflation": low-income households may face higher-than average rates of inflation during times when the cost of essentials such as food and energy are rising at a faster rate than headline inflation → Brexit outcome critical**

Society of St. Vincent de Paul

Q2: WILL THE BUDGET IMPROVE THE LIVING STANDARDS OF PEOPLE IN POVERTY (continued)?

- COVID: Higher income households = ↑ savings but low-income households = ↑ debt & cutting back on basics

- Fuel Allowance increase = €98 extra next year. Carbon tax and Public Service Obligation levy will be approx. €122 per annum on average gas and electricity bill. Energy efficiency of home NB.

- Thresholds and mean-tests for secondary supports not always adjusted to take into account changes in SW & NMW (e.g. differential rent calculation, thresholds for the National Childcare Scheme, Medical Card and Back to School Allowance)

Society of St. Vincent de Paul

Q3: WILL THE BUDGET PROVIDE INVESTMENT IN KEY SERVICES THAT SUPPORT PEOPLE MOVE OUT OF POVERTY FOR GOOD?

Welcome progress

- **Energy efficiency schemes for social housing and low income owner occupiers**
- **Sláintecare and mental health services**
- **Commitment to end Direct Provision & Funding in improve living conditions in interim (regret no change to daily allowance)**

Limited progress

- **Adequacy of SUSI**
- **Social and Affordable Housing**
- **Standards in Private Rented Sector**

No Progress

- **Cost of primary education & secondary education or measures to tackle educational disadvantage**
- **Rural transport**
- **National Childcare Scheme**
- **Community Energy Advisors**

IMPACT OF BUDGET ON THE PEOPLE SVP ASSIST: CASE STUDY 1

Life of a low income: Sarah's story

- Lone parent with two children (9 & 11)
- Moved to HAP tenancy from emergency accommodation
- Had to leave job prior to the pandemic
- Income: Jobseeker Transition Payment (€203) + increase for 2 children under 12 (€72)
- HAP top-up=€50 – in arrears since May 2020
- Moneylender debt: €800
- Sarah wants to go back to education to become a social worker

Impact of Budget 2021

- QCI = €4 per week & €7 per week when her eldest turns 12 in July (€286 + per year)
- Fuel Allowance = €98 extra for winter months but PSO Levy + Carbon Tax = €122
- Poverty premium:

  Interest on moneylending debt = €240

  Pre-Pay meter €230 more than DD

What would have made a real difference?

- Increase in adult rate reflecting the minimum income needs of the entire family.
- Increase in HAP limits reflecting market rents until more social housing is available
- Investment in genuinely free primary education
- Investment in the National Childcare Scheme
- Making SUSI available to part-time students

IMPACT ON BUDGET ON THE PEOPLE SVP ASSIST: CASE STUDY 2

Life of a low income: Tom and Kathryn's Story

- Two parent family with four children (age 4-17)
- Living in a rural area in owner occupied home (mortgage =€630)
- Tom in full time work with take home pay of €553 + €169 in WFP. 80km roundtrip to work.
- The family needs a second car as youngest recently diagnosed with Autism and has lots of appointments
- Struggle with back to school costs every year. They will lose child benefit next year when eldest turns 18.

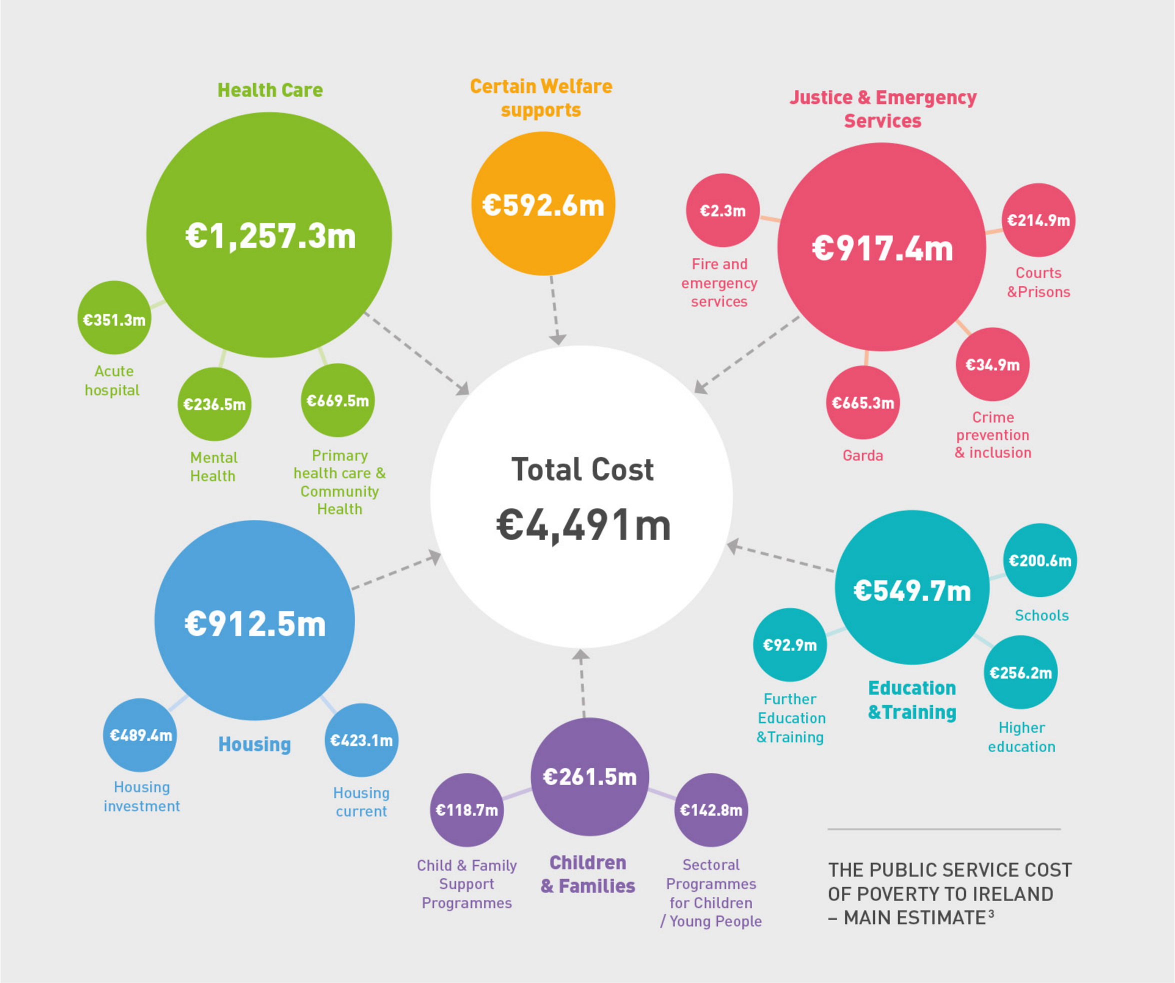
Impact of Budget 2021

- No increase in WFP as only applies to households with up to three children.
- Family not eligible for the Fuel Allowance – hit with higher petrol and heating costs next year.
- No investment in education to bring down the cost of education

What would have made a real difference?

- Allow recipients of WFP to access Fuel Allowance
- Investment in rural transport
- End to voluntary contributions & investment in free schools books.
- Make child benefit payable up until the end of school.
- A fund for health and hospital related charges.

THE COST OF POVERTY



[3] The report establishes a main, low and high cost of poverty estimate for each category of public expenditure. Uncertainty coupled with data limitations means that the determination of an accurate point estimate for the public service cost of poverty would be difficult. Using a more conservative set of costing assumptions the low estimate determines a cost of €3bn per annum. As an attempt to determine the likely upper limit of these costs the high estimate provides a value of just over €7.2bn per annum.

Figures have been rounded for the purpose of presentation.

Society of St. Vincent de Paul